

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

# OF THE CITY OF LINCOLN, NEBRASKA

FOR THE FISCAL YEAR ENDED AUGUST 31, 2005

Prepared by:

The Accounting Division of the Finance Department



#### OFFICIALS OF THE CITY OF LINCOLN

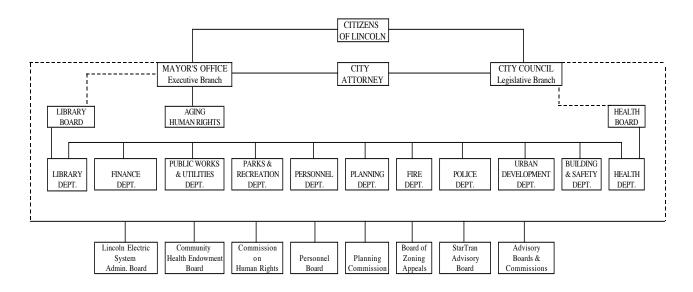
Coleen Seng	Mayor
Ken Svoboda	Chair, City Council
Patte Newman	
Jonathan Cook	Council Member
Robin Eschliman	Council Member
Annette McRoy	Council Member
Dan Marvin	
Jon Camp	Council Member

\* \* \* \* \* \*

Don Herz	
Marvin Krout	
Lynn Johnson	Parks and Recreation Director
Terry Bundy	Lincoln Electric System Administrator
Marc Wullschleger	
Carol Connor	
Karl Fredrickson	Public Works/Utilities Director
Mike Merwick	Building and Safety Director
Bruce Dart	
Don Taute	
Dana Roper	City Attorney
Thomas Casady	Police Chief
Mike Spadt	Fire Chief

\* \* \* \* \* \*

#### CITY OF LINCOLN ORGANIZATION CHART



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MAYOR COLEEN J. SENG

lincoln.ne.gov

Office of the Mayor 555 South 10th Street Suite 208 Lincoln, Nebraska 68508 402-441-7511 fax: 402-441-7120 mayor@lincoln.ne.gov December 31, 2005

Dear Citizens and Public Officials:

I am pleased to provide the City of Lincoln's Comprehensive Annual Financial Report for the fiscal year ended August 31, 2005.

Sound fiscal policy and discipline are the rule for the City of Lincoln finances. We enforce fiscal responsibility to stay within the operating budget. Our stable city government is an asset to Lincoln's overall economy.

Lincoln residents are proud of our growing and prospering City. The City's good financial condition is reflected by the City's excellent bond ratings.

City Departments do an excellent job of meeting the high demand for city services with limited resources. City government is prudent in its use of taxpayers' funds, as evidenced by the significant reduction in the city property tax rate during the past ten years.

Our ability to manage the City's fiscal affairs and ensure a full disclosure of the City's fiscal condition is exhibited by the unqualified audit opinion. I am proud to report that for the twenty-second consecutive year the Government Finance Officers Association has again recognized the City with the prestigious Certificate of Achievement for Excellence in Financial Reporting for last year's report. This is a complement to the City Finance Department staff for dealing with these complex accounting issues. We express thanks to the Finance Department staff and to all city departments for their cooperation in preparing this document.

Sincerely,

Callen J. Seng

Mayor of Lincoln



To the Honorable Mayor, Members of the City Council, and Citizens of the City of Lincoln:

Both the City Charter and State law require an annual audit of the City's funds and accounts be made by a recognized independent and qualified accountant covering all financial transactions, affairs, and financial condition of the City, with the audit report published within six months after the close of the fiscal year. Pursuant to this requirement, the Comprehensive Annual Financial Report (CAFR) of the City of Lincoln, Nebraska for the fiscal year ended August 31, 2005, is hereby submitted.

Responsibility for both the accuracy of the data found in this report, and the completeness and fairness of the presentation, including all disclosures, rests with management. In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss, theft, or misuse, and to ensure the reliability of financial records for preparing financial statements in accordance with generally accepted accounting principles (GAAP) and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state and local financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these programs. The federal government, under the revised OMB Circular A-133, requires local governments that expend \$500,000 or more in federal funds in any fiscal year to have a financial and compliance audit performed. As part of the City's Single Audit, tests were made of the City's internal control structure over compliance and its compliance with applicable laws and regulations, including those related to major federal financial assistance programs. The Single Audit for the year ended August 31, 2005, disclosed no material internal control weaknesses. The independent accountants' reports are included in the Single Audit section found at the end of the CAFR.

To the best of management's knowledge and belief, the enclosed data are accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities as specified by all currently effective statements of the Governmental Accounting Standards Board have been included.

A firm of licensed certified public accountants has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent accountants concluded, based upon the audit, that there was a reasonable basis for rendering unqualified opinions that the City's financial statements for the fiscal year ended August 31, 2005, are fairly presented in conformity with GAAP.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found in the Financial Section immediately following the report of the independent accountants.

#### Profile of the City

The City of Lincoln, capital city of Nebraska, was originally incorporated on April 7, 1869. Lincoln is located in the southeastern corner of the state, is midway between Chicago and Denver, and is currently one of the fastest growing metro areas in the Midwest. It occupies a land area of approximately 80 square miles, serves a population of over 238,000, and in its growth and development has annexed five other municipalities so that the City includes most of the urban area of Lancaster County. It enjoys a unique position in Nebraska as the center of the state's governmental and educational activities.

The City operates under a Home Rule Charter and has a Mayor-Council form of government with an elected full-time chief executive, the Mayor, and an elected legislative body, the Council, composed of seven members. Three Council members are elected at large and four by district on a nonpartisan basis for a term of four years. All legislative powers of the City are exclusively vested in the Council, as well as the power to adopt the budget, set the tax levy, and equalize taxes and assessments. The Mayor is responsible for the proper conduct of the affairs of the City, with the administration of City government performed under the direction of the Mayor through administrative departments.

The City of Lincoln provides a full range of services, including public safety (police and fire); the construction and maintenance of highways, streets, and other infrastructure; health; planning and zoning; golf courses, parks and recreation; urban development; mass transportation; ambulance transport; electric, water, and wastewater utilities, sanitary landfill; auditorium; parking facilities; and general administrative services.

The City Council exercises budgetary and/or rate setting authority over the City Library and Lincoln Electric System (LES), neither of which are legally separate from the City and are thus included as part of the primary government. The Lincoln Water System, Lincoln Wastewater System, Emergency Medical Services, Parking Lots, Parking Facilities, Golf Courses and Pershing Municipal Auditorium are all part of administrative departments under the direction of the Mayor and are included as part of the primary government. Separately audited financial statements are available for LES, Lincoln Water System, Lincoln Wastewater System, Emergency Medical Services, the City's Sanitary Landfill, and the Community Health Permanent Endowment Trust.

The annual budget serves as the basis for the City of Lincoln's financial planning and control. Following public hearings and not later than five days prior to the beginning of the fiscal year, the budget is legally adopted by resolution of the City Council. Appropriation controls are required at the department level, however, as a matter of policy and practice, appropriations generally are controlled at the next level of organization (division) or by fund within a department. The Mayor has the authority to transfer balances within a department as well as lower appropriations in any fund where actual revenues are less than appropriated in order to avoid incurring a budget deficit for the year. Appropriation transfers between departments may only be authorized by resolution of the City Council. The Council may not make any appropriations in addition to those authorized in the annual budget, except in the event of an emergency threatening serious loss of life, health, or property in the community.

#### **Economic Condition And Outlook**

Population growth is one of the best indicators of a community's economic well being. As such, the Lincoln metropolitan area's population growth during the past several years reflects a community that is economically viable and is strongly positioned to meet future challenges.

The Lincoln metropolitan area population base (Lancaster County) continues to demonstrate a pattern of sustained growth. According to the U. S. Census figures, the Lincoln metropolitan area population grew over 17% between 1990 and 2000, adding over 3,350 people to the community each year. The 1990 population of 213,641 reached 250,291 persons with the 2000 census, setting the County's annualized rate of population growth for the 1990's at 1.6 percent.

While such a growth rate may be modest by some standards, this healthy pace of expansion places Lincoln as one of the fastest growing communities in this region. Recent projections envision Lincoln to continue to grow at a rate of 1.5 percent per year. As importantly, the City of Lincoln continues to absorb about 90% of all growth in Lancaster County.

Despite a slow national and regional economy, Lincoln's growth has continued. Lincoln's unemployment rate at August 31, 2005 was 3.4%, well below the national average of 4.8%, with employment strongest in the categories of government, educational & health services, and retail trade. Following the building boom experienced in the past few years, Lincoln's construction permit activity has returned to levels comparable to those 5 years ago, with an increase in the value of construction permits of over \$74 million.

To more aggressively pursue economic opportunities, the City, Lancaster County, and LES have partnered to hire an economic development coordinator to facilitate job creation in the private sector. In addition, the Mayors Technology Council completed its technology audit, which led to a new strategic plan for economic development. Developing an identity and slogan for Lincoln is a vital part of that plan.

Current net sales and use tax revenue increased 3.4% over the previous fiscal year. Tax collections have been positively impacted by an improving local economy and an expansion of the sales tax base to include additional services.

#### **Long-Term Planning And Major Initiatives**

#### <u>Urban Development</u>

The City anticipates approximately \$35 million of public expenditures funded through various urban development projects and programs over the next three years. These projects are varied in type and size and are located in the Downtown and Haymarket areas, North 27<sup>th</sup> Street area, Havelock and University Place business areas, Focus Area neighborhoods, the Antelope Valley project area, 48<sup>th</sup> and O, West O Street, North 56<sup>th</sup> and Arbor Road, West Cornhusker Highway, and in low - moderate income areas throughout the City.

Financing will be provided by a variety of sources, including CDBG, HOME, and Nebraska Affordable Housing Trust Fund grants, Tax Increment Financing, Advanced Land Acquisition funds, Special Assessments, General Fund and Street Construction funds. Funding is often combined with developer, grant or other private sector funds.

The City's involvement will vary depending upon the project and could likely include property acquisition, relocation and demolition; housing rehabilitation and development; commercial development; and construction of public improvements including parking, sidewalks, infrastructure and streetscapes.

Ongoing and anticipated projects include:

- Downtown Redevelopment Projects:
  - 1) Downtown I-180 entryway improvements.
  - 2) Government Square park and streetscape improvement projects.
  - 3) Redevelopment of Douglas III and Cinema Twin theaters.
  - 4) Implementation of Haymarket 8<sup>th</sup> Street streetscape.
- 5) Redevelopment of Salvation Army Building.
- 6) Assist the Planning Department and Downtown Lincoln Association to implement the Downtown Master Plan catalyst projects.
- 7) Haymarket Housing projects.
- ♦ The North 27<sup>th</sup> Street Corridor redevelopment projects include:
  - 1) Construction of the pedestrian trail bridge at X Street.
  - 2) Redevelopment of the Carpenter's Union building at 1010 North 27<sup>th</sup> Street.
- ◆ Implementation of selected Antelope Valley community revitalization catalyst projects as identified in the Antelope Valley Redevelopment Plan.
- ♦ Havelock Redevelopment on-going projects include streetscape improvements, pedestrian walkway and public parking lot redevelopment and beautification, alley resurfacing and/or repair.
- University Place Redevelopment includes streetscape improvements, the North 48<sup>th</sup>/University Place Concept Plan implementation, and redevelopment of the former Northeast Printers building.
- ♦ 48<sup>th</sup> and O North/South redevelopment.
- ♦ West O Street redevelopment.

- ♦ North 56<sup>th</sup> and Arbor Road redevelopment.
- ♦ NW Corridor redevelopment (Cornhusker Highway).
- ♦ Housing rehabilitation and development programs:
  - 1) Continuation of First-time Homebuyer, Housing Development, and Owner-Occupied housing rehabilitation loan programs.
  - Development of residential housing in Antelope Valley with the neighborhood "champion" for Antelope Valley, NeighborWorks of Lincoln.
  - 3) Development of residential housing units in conjunction with downtown projects.
  - 4) Continue development of future phases of the affordable housing project, Old Mill Village, with Nebraska Housing Resource and plan the development of the next affordable housing project.
  - 5) Sustain the existing affordable rental housing stock by assisting on-going non-profit and tax credit projects.
- ♦ Housing Rehabilitation and Real Estate Division projects also include:
  - 1) Planning and negotiation for acquisition of park sites.
  - 2) Acquisition and negotiation projects
    - 14<sup>th</sup> and Warlick intersection improvements.
    - ✓ Yankee Hill widening,  $27^{th} 40^{th}$ .
    - ✓ O Street widening, 42<sup>nd</sup> to 52<sup>nd</sup> Streets.
    - ✓ West O trunk sewer.
    - ✓ Antelope Valley storm water management and transportation projects.
    - ✓ Beal Sough relief trunk sewer.
    - ✓ SE Upper Salt Creek storm sewer.
    - ✓ South 27<sup>th</sup> Street, Porter Ridge Road to south of Yankee Hill Road.

- ✓ Pine Lake Road widening,  $40^{th} 59^{th}$ .
- ✓ Stevens Creek sanitary sewer.
- ✓ Special assessment, executive order, and arterial rehab projects.
- ✓ Various projects in Public Works/Utilities 6-year program.
- Other Parks and Recreation projects citywide.
- ✓ Antelope Valley redevelopment plan catalyst projects.
- 3) Acquisition and disposition of surplus properties including tax sale lots, street and alley vacation, surplus park sites, surplus right-of-way, and other miscellaneous properties.
- 4) Relocation projects including Antelope Valley Storm Management, Transportation, and Community Revitalization.
- Neighborhood Revitalization projects include: Focus Areas Implementation of focus area public
  improvements. The focus areas are located in the Woods Park, Near South, Malone, Everett, Clinton,
  Downtown, North Bottoms, South Salt Creek and Hartley neighborhoods.
- ♦ The Workforce Investment Act (WIA) is federal legislation which took effect on July 1, 2000. Under this legislation, Mayor Coleen J. Seng is the designated Chief Elected Official working in conjunction with a 47 member Workforce Investment Board. This Board is constituted by law with a business majority. Other members represent community based organizations, education, economic development, organized labor, and program partner agencies. The Board and the Mayor developed a local plan to implement WIA that was approved by the State of Nebraska.

WIA services are provided from the One Stop Career Center, located in downtown Lincoln. During the year, over 27,000 customer visits were made to the Center. A computer lab is operated in the center, serving both job seekers and businesses. Efforts are underway to further align WIA services with local economic development plans and to increase the level of services to businesses in the workforce area.

#### Antelope Valley Project

The City of Lincoln, Lower Platte South Natural Resources District and the University of Nebraska-Lincoln have joined together through an interlocal agreement to form the Joint Antelope Valley Authority (JAVA). JAVA is in the process of implementing the Antelope Valley project, which consists of stormwater, transportation and community revitalization strategies.

When implemented the Antelope Valley Projects will provide significant benefits to the State of Nebraska. Recognizing these benefits, the State Legislature authorized and appropriated one million dollars each state fiscal year, for a period of 15 years, to the City of Lincoln to fund the various projects. The City is required to provide matching funds equal to the ratio of one dollar for each three dollars of the State distribution.

The stormwater and transportation portions of the project are scheduled for completion in 2012. Redevelopment projects have begun and will progress as flood control work is completed. The entire project is projected to cost \$238 million of which nearly 47 percent has been spent or is under contract.

Projects completed include Fleming Field; Military, Y Street, and Vine Street Bridges and Roadways; and channel work between Salt Creek and the BNSF Railway. The BNSF also completed a railroad bridge project over Antelope Creek in 2005.

Landscaping work began on the completed roadway projects and will be completed in the spring of 2006.

Work on the BNSF overpass near Devaney Center began in October 2004 and will be completed in December 2006.

The Corps of Engineers is planning to continue channel work south of the BNSF in 2006. Also, work on the P and Q Street Bridges and Roadways will begin in the fall of 2006.

#### Wastewater System

The Lincoln Wastewater System is projecting a capital improvements program in the amount of approximately \$99,346,000 over the 6-year period of fiscal year 2005-06 through fiscal year 2010-11. Of that total, approximately \$68,996,000 will be financed by revenue bonds, approximately \$2,830,000 will be financed by impact fees, with the remaining \$27,520,000 to come from charges for services. The majority of these dollars are needed for replacement and maintenance of existing infrastructure, new infrastructure to serve development in various basins throughout the City, and improvements to both the Theresa Street and Northeast treatment plants.

#### Water System

The Lincoln Water System is projecting a capital improvements program in the amount of approximately \$107,949,000 over the 6-year period of fiscal year 2005-06 through 2010-11. Of these dollars, approximately \$80,190,000 will be financed through revenue bonds, approximately \$159,000 will be financed through developer contributions, approximately \$5,560,000 will be financed through impact fees, with the balance of \$22,040,000 coming from charges for services. The major projects contributing to these total dollars include the installation of transmission lines, replacement mains, replacement and new wells, and additional storage reservoirs.

#### Streets And Highways

The 2006-2011 Streets and Highways capital improvements program and Transportation improvement program identify average annual expenditures of over \$33.4 million for the next six years. Funding for these projects includes \$133 million in City revenues, \$49 million in federal aid, and \$23 million in other funds.

#### <u>Infrastructure Impact Fees</u>

The City's growth in both population and employment have created demands for new residential and nonresidential development, which in turn creates the need for additional public facilities, including water and wastewater systems, arterial streets, and neighborhood parks and trails. Under the City's current laws, taxes, fees, utility charges, and other forms of revenue generated from new development do not provide sufficient funds to finance these new facilities.

In response to these funding needs the City of Lincoln passed an ordinance to provide for the imposition of impact fees to ensure that facilities are available to serve new growth and that new development bears its proportionate share of the cost of improvements to the City's facilities. Impact fees for all types of new construction have been set and adopted by the City Council and began June, 2003.

#### **Property Tax Collections**

As of August 31, 2005, current tax collections by the County Treasurer were 96.80% of the tax levy, an increase of .23% from last year. Allocations of property tax levy by purpose are as follows:

City Tax Levy By Purpose	<u>2004-2005</u>	<u>2003-2004</u>	<u>2002-2003</u>
General Fund	.1706	.1692	.1757
Library	.0490	.0485	.0534
Social Security	.0149	.0143	.0162
Police and Fire Pension	.0182	.0149	.0149
General Obligation Debt	<u>.0423</u>	<u>.0434</u>	<u>.0543</u>
_	.2950	.2903	.3145

#### **Parking Facilities**

The City of Lincoln operates the following parking garages:

	Number of Stalls	Date Opened
Center Park	1,048	November, 1978
Cornhusker Square	405	December, 1983
University Square	436	April, 1990
Que Place	773	October, 1994
Carriage Park	710	February, 1995
Market Place	433	August, 2000
Haymarket	420	August, 2002

The City's parking garages have been built to promote downtown redevelopment efforts by working with private industry in providing necessary parking to various businesses in the downtown area.

Revenue generated by the parking facilities and on-street parking meters, as well as unappropriated street construction funds, are pledged for debt service of both the 2001 Parking Revenue Bonds and the 1999 Parking Revenue and Refunding Bonds. Comparative data for the past two fiscal years are presented in the following table:

	<u> 2004</u>
214,542 5,32	5,668
241,833 2,592	2,176
835,000 83:	5,000
164,142	-
240,975 3,42°	7,176
160,650 2,160	0,650
1.50	1.59
	214,542 5,32: 241,833 2,59: 835,000 83: 164,142 240,975 3,42: 160,650 2,166

#### Sanitary Landfill

The City of Lincoln owns and operates a municipal solid waste landfill and a construction and demolition debris landfill that are subject to the U.S. Environmental Protection Agency rule *Solid Waste Disposal Facility Criteria*, which establishes closure and postclosure care requirements. As of August 31, 2005, the City estimates that it will incur costs approximating \$15 million to adhere to such requirements (see Note 17 of Notes to the Financial Statements).

#### Water And Wastewater System

The City's Water Utility System showed an increase in operating revenue and an increase in operating income. Comparative data for the past two fiscal years is presented in the following table:

Water System	<u>2004-2005</u>	<u>2003-2004</u>
Operating Revenue	\$24,362,174	22,168,258
Operating Income	5,196,025	3,901,083
Revenue Available For Debt Service	12,455,075	10,463,376
Debt Service	8,412,932	5,526,632
Debt Service Coverage Ratio	1.48	1.89

The City's Wastewater Utility System showed an increase in operating revenue and an increase in operating income. Comparative data for the past two fiscal years is presented in the following table:

Wastewater System	<u>2004-2005</u>	<u>2003-2004</u>
Operating Revenue	\$16,985,552	16,011,984
Operating Income	1,559,979	1,537,738
Revenue Available For Debt Service	8,043,861	9,028,879
Debt Service	3,903,519	3,883,704
Debt Service Coverage Ratio	2.06	2.32

#### Lincoln Electric System (LES)

The City owns and operates its own electric utility system that is managed by an administrative board. Actions of the board with regard to rates, budgets, and long-term financing are subject to final review and approval by the City Council. In accordance with Section 2.55.090 of the Lincoln Municipal Code, LES operates on a January 1 - December 31, fiscal year. Audited financial information as of and for LES' fiscal year ended December 31, 2004, is included in the City's August 31, 2005, financial statements.

#### **Certificate Of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lincoln, Nebraska, for its comprehensive annual financial report for the fiscal year ended August 31, 2004. This was the twenty-second consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

#### Acknowledgments

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express my appreciation to all members of the department who assisted and contributed to its preparation. I would also like to thank the Mayor and members of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Don Herz Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## City of Lincoln, Nebraska

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
August 31, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

UNITED STATES AND CORPORATION OF COR

President

Caney L. Zielke

**Executive Director** 



## FINANCIAL SECTION



## Independent Accountants' Report on Financial Statements and Supplementary Information

The Honorable Mayor and Members of the City Council City of Lincoln, Nebraska

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lincoln, Nebraska as of and for the year ended August 31, 2005, which collectively comprise the City of Lincoln's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Lincoln's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Lincoln Electric System which represent 55%, 32% and 74%, respectively, of the total assets, net assets and revenues of the business-type activities. Those financial statements were audited by other accountants whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Lincoln Electric System is based solely on the report of the other accountants. The prior-year summarized comparative financial information in these statements has been derived from the City's basic financial statements as of and for the year ended August 31, 2004, and in our report dated January 19, 2005, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other accountants provide a reasonable basis for our opinions.

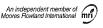
In our opinion, based on our audit and the report of the other accountants, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lincoln, Nebraska as of August 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund, street construction fund and federal grants fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 30, 2005 on our consideration of the City of Lincoln's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

1221 N Street, Suite 600 Lincoln, Nebraska 68508-2030

402 473-7600

Fax 402 473-7698



The accompanying management's discussion and analysis as listed in the table of contents and the schedules of funding progress and employer contributions are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other accountants have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lincoln's basic financial statements. The accompanying supplementary information, including the schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us and the other accountants in the audit of the basic financial statements and, in our opinion, based on our audit and the report of the other accountants, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The accompanying introductory section and statistical section as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

BKD, ILP

December 30, 2005



#### MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Lincoln, Nebraska (the City) offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended August 31, 2005. Please consider this discussion in conjunction with the additional information provided in the Letter of Transmittal (beginning on page vii) and the transactions, events and conditions reflected in the City's financial statements (beginning on page 18).

#### **FINANCIAL HIGHLIGHTS**

- The assets of the City exceeded its liabilities at August 31, 2005, by \$1,265,262,396 (net assets). Of this amount, \$172,910,809 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$65,334,599. Of this amount \$54,748,865, or 84 percent, was an increase in governmental activities and \$10,585,734, or 16 percent, related to business-type activities.
- As of August 31, 2005, the City's governmental funds reported combined ending fund balances of \$176,870,545, a decrease of \$10,326,588 in comparison with the prior year. Over 65 percent of this total amount, \$119,590,792, is available for spending at the City's discretion (unreserved fund balance).
- As of August 31, 2005, unreserved fund balance for the general fund was \$29,467,581, or 32 percent of total general fund expenditures.
- The City's total bonded debt increased by \$42,248,000 (6 percent) during the current fiscal year. Key factors in this increase was the issuance of \$58,000,000 in revenue bonds by Lincoln Water and Wastewater Systems.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

#### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the year ended August 31, 2005. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general administrative services, public safety, streets and highways, health, planning and zoning, parks and recreation, libraries, aging services, job programs, urban development, mass transportation, engineering, self-insurance, and fleet management. The business-type activities of the City include water, wastewater and electric utilities; ambulance transport; sanitary landfill; golf courses; auditorium; and parking.

The government-wide financial statements can be found on pages 18-19 of this report.

#### **FUND FINANCIAL STATEMENTS**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains thirty-eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, the Street Construction fund, the Federal Grants fund, and the Community Health Permanent Endowment fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund and most other governmental funds. A budgetary comparison statement has been provided for the General, Street Construction, and Federal Grants major funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 20-27 of this report.

Proprietary funds – The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its parking facilities and lots; golf courses; auditorium; sanitary landfill; ambulance services; and wastewater, water, and electric systems. Internal service funds are used to account allocate costs internally among the City's various functions. The City uses internal service funds to account for its data processing, engineering, insurance, fleet management, telecommunications, and copy services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Wastewater and Electric Systems, all of which are considered to be major funds of the City. Data from the other enterprise funds are combined into a single, aggregated presentation. Internal service funds are also combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for these funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 28-30 of this report.

<u>Fiduciary funds</u> – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on pages 31-32 of this report.

#### NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-67 of this report.

#### OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its police and fire employees. Required supplementary information can be found on page 68 of this report.

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$1,265,262,396 at August 31, 2005.

By far the largest portion of the City's net assets (72 percent) reflects its investment in capital assets (e.g., land, buildings, improvements, utility plant, infrastructure, and machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

#### City Of Lincoln Condensed Statements of Net Assets August 31, 2005 and 2004

		Governmental		Busines	ss-type		
	_	Activities		Activities		Total	
		2005	2004	2005	2004	2005	2004
Current and Other Assets	\$	294,212,420	293,558,771	269,056,883	282,564,460	563,269,303	576,123,231
Capital Assets	_	498,355,444	438,680,200	1,127,231,363	1,058,409,793	1,625,586,807	1,497,089,993
Total Assets		792,567,864	732,238,971	1,396,288,246	1,340,974,253	2,188,856,110	2,073,213,224
Long-Term Liabilities Outstanding		142,349,895	133,570,216	707,735,364	666,274,803	850,085,259	799,845,019
Other Liabilities	_	22,591,906	25,791,557	50,916,549	47,648,851	73,508,455	73,440,408
Total Liabilities		164,941,801	159,361,773	758,651,913	713,923,654	923,593,714	873,285,427
Net Assets:							
Invested in Capital Assets,							
Net of Related Debt		399,561,548	361,516,579	509,989,903	496,144,600	909,551,451	857,661,179
Restricted		167,698,499	147,333,934	15,101,637	16,262,952	182,800,136	163,596,886
Unrestricted	_	60,366,016	64,026,685	112,544,793	114,643,047	172,910,809	178,669,732
Total Net Assets	\$	627,626,063	572,877,198	637,636,333	627,050,599	1,265,262,396	1,199,927,797

An additional portion of the City's net assets (14 percent) represents resources that are subject to external restrictions on their use. The remaining balance of unrestricted net assets (14 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

At August 31, 2005, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

#### City Of Lincoln Condensed Statements of Activities For the Years Ended August 31, 2005 and 2004

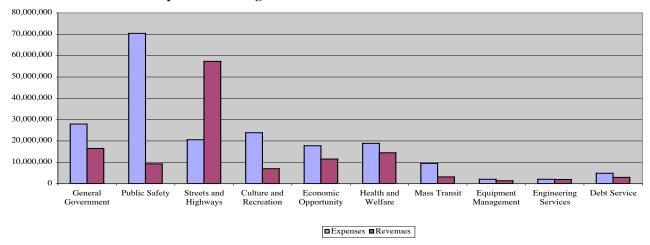
	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:	2005	2001		2001	2005	2001
Program Revenues:						
Charges for Services	\$ 40,597,953	36,926,551	227,024,882	224,808,683	267,622,835	261,735,234
Operating Grants and Contributions	36,666,428	59,074,592	650,300	1,316,900	37,316,728	60,391,492
Capital Grants and Contributions	48,270,586	18,375,380	9,703,652	8,707,137	57,974,238	27,082,517
General Revenues:	, ,	, ,	, ,	, ,	, ,	, ,
Property Tax	40,877,070	39,138,647	_	_	40,877,070	39,138,647
Sales and Use Tax	53,741,266	51,978,978	_	_	53,741,266	51,978,978
Other Taxes	22,893,674	22,018,572	2,111,731	2,234,490	25,005,405	24,253,062
Unrestricted Grants and Contributions	1,577,852	1,597,551	-	-	1,577,852	1,597,551
Unrestricted Investment Earnings	2,800,970	3,163,454	3,986,941	4,387,629	6,787,911	7,551,083
Other	3,899,801	895,935	210,321	373,759	4,110,122	1,269,694
Total Revenues	251,325,600	233,169,660	243,687,827	241,828,598	495,013,427	474,998,258
Expenses:						
General Government	27,955,407	28,475,396	_	_	27,955,407	28,475,396
Public Safety	70,432,578	66,461,665	_	_	70,432,578	66,461,665
Streets and Highways	20,620,140	24,066,450	_	_	20,620,140	24,066,450
Culture and Recreation	23,827,670	23,699,396	-	_	23,827,670	23,699,396
Economic Opportunity	17,701,471	16,778,622	-	-	17,701,471	16,778,622
Health and Welfare	18,873,394	18,122,416	-	-	18,873,394	18,122,416
Mass Transit	9,511,096	8,928,193	-	-	9,511,096	8,928,193
Equipment Management	2,012,107	1,017,244	-	-	2,012,107	1,017,244
Engineering Services	2,073,123	2,139,853	-	-	2,073,123	2,139,853
Interest on Long-Term Debt	4,859,767	3,701,385	-	-	4,859,767	3,701,385
Parking	-	-	5,186,283	4,962,873	5,186,283	4,962,873
Golf Courses	-	-	3,295,680	3,230,108	3,295,680	3,230,108
Auditorium	-	-	2,211,685	2,374,730	2,211,685	2,374,730
Sanitary Landfill	-	-	6,767,689	6,446,310	6,767,689	6,446,310
Ambulance Transport	-	-	3,828,891	3,684,221	3,828,891	3,684,221
Wastewater	-	-	16,461,078	15,461,420	16,461,078	15,461,420
Water	-	-	22,249,027	20,169,981	22,249,027	20,169,981
Electric	-		171,812,000	163,078,000	171,812,000	163,078,000
Total Expenses	197,866,753	193,390,620	231,812,333	219,407,643	429,679,086	412,798,263
Increase in Net Assets Before Transfers	53,458,847	39,779,040	11,875,494	22,420,955	65,334,341	62,199,995
Transfers	1,290,018	1,155,884	(1,289,760)	(1,156,219)	258	(335)
Increase in Net Assets	54,748,865	40,934,924	10,585,734	21,264,736	65,334,599	62,199,660
Net Assets - Beginning	572,877,198	531,942,274	627,050,599	605,785,863	1,199,927,797	1,137,728,137
Net Assets - Ending	\$ 627,626,063	572,877,198	637,636,333	627,050,599	1,265,262,396	1,199,927,797

#### **GOVERNMENTAL ACTIVITIES**

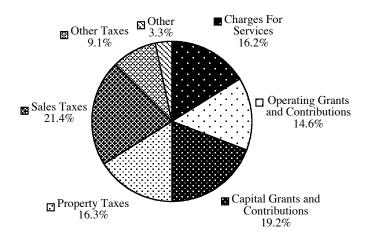
Governmental activities increased the City's net assets by \$54,748,865, accounting for 84 percent of the total growth in the net assets of the City of Lincoln. Key elements of this increase are as follows:

- The City's current year contribution to the Joint Antelope Valley Authority amounted to \$24,653,165.
- Property taxes increased by approximately \$1.7 million (4.4 percent) during 2005. Total growth in the tax base, which includes revaluations, annexations and other adjustments, was 3.1%.
- Net sales and use tax increased by approximately \$1.8 million (3.4 percent) during 2005. Legislation passed in 2002 and 2003 by the Nebraska Legislature expanded the sales tax base to include more services and thus generated additional collections for the entire year in 2005.
- Other general revenues increased by approximately \$3.0 million. Included in this increase was \$2.8 million in gains from sales of assets.

**Expenses and Program Revenues - Governmental Activities** 



#### **Revenues By Source - Governmental Activities**



#### **BUSINESS-TYPE ACTIVITIES**

Business-type activities increased the city's net assets by \$10,585,734, accounting for 16 percent of the total growth in the government's net assets. Key elements of this increase are as follows:

• Charges for services increased by approximately \$2.2 million, or 1 percent. The Water System revenues increased by \$2,193,916 (9.90 percent) due to a user fee increase of 5 percent implemented with the water billings beginning in February of 2004. Total water pumpage for 2005 exceeded 2004 usage by 7.8 percent. Water pumpage for fiscal year 2005 was the fourth highest of the top five water-use years.

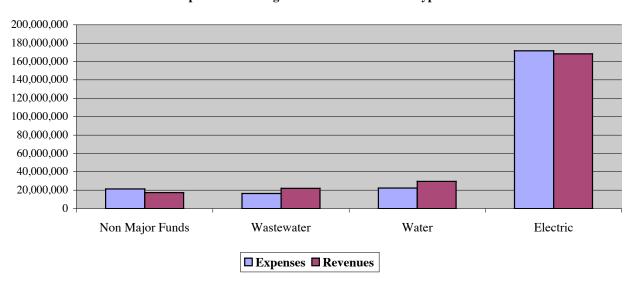
Wastewater revenues are also based on water usage. Increased usage plus an increase of 7 percent in user fees implemented in February 2004 resulted in an operating revenue increase of \$973,568 (6 percent).

Operating revenues decreased .2 percent for the Electric System in 2004 primarily due to a rate increase put in place on October 15, 2004 and offset by the fact cooling and heating degree days were below the

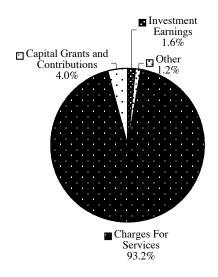
prior year. Growth in the City remains constant with 2.0 percent more customers in 2004, now totaling nearly 121,000 customers. Wholesale revenue was reduced 20.6 percent from the prior year primarily because of less resource availability and higher prices in the wholesale markets.

Lincoln Electric System (LES) operating expenses for 2004 were 2.3 percent above the prior year with decreased power costs and increased depreciation expense providing most of the change. Depreciation expense increased due to the Salt Valley Generating Station starting commercial operation in 2004. A 30.5 percent increase in nonoperating expense comes from higher interest expense from increased commercial paper interest rates and lower capitalized interest expense for the construction of the Salt Valley Generating Station, which was partially offset by Council Bluffs #4 Unit construction with increased capitalized interest.

#### **Expenses And Program Revenues - Business-type Activities**



#### **Revenues By Source - Business-type Activities**



#### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### **GOVERNMENTAL FUNDS**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of August 31, 2005, the City's governmental funds reported combined ending fund balances of \$176,870,545, a decrease of \$10,326,588 in comparison with the prior year. Of this total amount, 68 percent constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to:

- pay debt service (\$15,419,144),
- generate income for the purpose of funding health and health-related programs for the citizens of Lincoln (\$37,000,000), and
- a variety of other restricted purposes (\$4,860,609).

The General Fund is the chief operating fund of the City. At August 31, 2005, the unreserved fund balance of the General Fund was \$29,467,581, while total fund balance reached \$31,403,274. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 32 percent of total general fund expenditures, while total fund balance represents 34 percent of that same amount.

The fund balance of the City's General Fund decreased by \$4,570,145 during 2005. The planned reduction in the fund balance of the General Fund is in compliance with City policy to appropriate balances that are in excess of 20 percent of the ensuing fiscal year's General Fund budget. This is accomplished by appropriating any excess over a 5-year period.

The Street Construction Fund had a total fund balance of \$28,801,383, which is to be used in the construction and maintenance of street and highways. The net decrease in fund balance during 2005 in the Street Construction Fund was \$9,931,562. This decrease was a result of the spend down of bond proceeds received from the issue of \$35,000,000 of general obligation highway allocation bonds. An additional factor is the City's involvement in the Joint Antelope Valley projects and the related capital contributions made.

The Federal Grants Fund had a fund deficit of \$(2,121,468). Expenditures in the fund decreased by \$1,072,260 (4 percent), while revenues decreased by \$3,166,436 (13 percent). Delays in expenditure reimbursements resulted in an approximate \$3 million increase in borrowing to cover an overdraw of pooled cash.

The fund balance of the Community Health Permanent Endowment Fund increased by \$808,327 during 2005. This increase can be attributed to a 35 percent decrease in the allocation of grant funds in the current year. The level of grant funding issued by the fund is relative to the amount of earnings realized on investments in the prior years, which has been impacted by consistently low interest rates.

#### PROPRIETARY FUNDS

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Wastewater System, Water System, Electric System, and other enterprise funds amounted to \$23,409,668, \$23,771,839, \$61,632,000 and \$3,731,286, respectively, at August 31, 2005. Factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final amended budget were relatively minor (increase of \$62,087 in appropriations) and can be briefly summarized as follows:

- \$(297,256) in miscellaneous decreases in general government activities.
- \$(48,695) in decreases allocated to street maintenance.
- \$44,500 in increases allocated to parks and recreation.
- \$363,538 in increases allocated for General Fund transfers to other City funds.

Variances between actual General Fund revenues and expenditures and the final amended budget included the following:

- \$2,346,169 positive variance in property taxes. Actual property tax collections were 96.8% for the 2004 levy, while estimated tax revenue is based on 90% collections as provided by the City Charter.
- \$1,460,835 positive variance in general government/miscellaneous function expenditures. This variance was the result of better than anticipated insurance and contractual services costs, and contingency funds left unspent.
- \$(949,423) negative variance in street lighting function expenditures. This variance was the result of anticipated changes in both budget and expenditure dollars related to the purchase of the city's street light system from Lincoln Electric System.

#### **CAPITAL ASSET AND DEBT ADMINISTRATION**

#### **CAPITAL ASSETS**

The City's investment in capital assets for its governmental and business-type activities as of August 31, 2005, amounts to \$1,625,586,807 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, streets, bridges, storm sewers, electric plant, and water and sewer plant. The total increase in the City's investment in capital assets for 2005 was 9 percent (a 13.6 percent increase for governmental activities and an 6.5 percent increase for business-type activities).

Major capital asset events during 2005 included the following:

- A variety of street construction widening and expansion projects for existing streets and bridges continued. Along with new construction of streets and drainage projects, construction-in-progress as of August 31, 2005, reached \$90,911,359.
- On September 1, 2004, the City of Lincoln General Fund purchased the street light system from Lincoln Electric System.
- Construction of the Salt Valley Generating Station (SVGS) provided \$23 million to construction work-in-progress, in addition to local construction related to an expanding customer base. The SVGS project represents a total of 177 megawatts of intermediate-load and peaking generation utilizing natural gas, as the primary fuel, in a simple-cycle and combined-cycle operation. The construction in simple-cycle mode was substantially completed in 2003 and combined-cycle operation was completed in mid 2004.
- An agreement with MidAmerican Energy Company is in place for a 100-mega-watt share of the 790 megawatt Council Bluffs #4 Unit slated to start commercial operation in 2007. Construction costs added \$22 million to the construction work in progress in 2004. LES's estimated cost is \$152.6 million.

- Wastewater System capital assets increased by approximately \$34,192,000 (21.3 percent) due to major project additions such as:
  - ✓ Northeast treatment plant \$8,959,000
  - ✓ Theresa Street treatment plant \$9,807,000
  - ✓ Trunk sewer improvements \$14,584,000
- Water System capital assets increased by approximately \$7,285,000 (3.15 percent) due to major project additions such as:
  - ✓ Pumping stations \$258,000
  - ✓ Water distribution mains \$2,621,000
  - ✓ Water transmission pump station and mains \$2,166,000
  - ✓ Selected main replacements \$589,000
  - ✓ Wellfield and water treatment plant \$887,000
  - ✓ General system improvements \$345,000

#### City Of Lincoln Capital Assets (net of depreciation) August 31, 2005 and 2004

		Governmental Activities			Business-type Activities					
								Total		
		2005 2004			2005	2004		2005		2004
Land	\$	50,137,989	44,757,798		15,150,478	14,652,983		65,288,467		59,410,781
Buildings		43,793,767	44,713,299		139,685,303	136,910,236		183,479,070		181,623,535
Improvements Other Than Buildings		32,677,569	31,350,298		290,107,032	255,564,486		322,784,601	2	286,914,784
Machinery and Equipment		31,090,952	30,937,792		9,956,049	10,724,216		41,047,001		41,662,008
Utility Plant		-	-		552,677,000	501,468,000		552,677,000	:	501,468,000
Infrastructure		244,451,695	201,785,086		-	-		244,451,695	2	201,785,086
Construction-in-progress		96,203,472	85,135,927		119,655,501	139,089,872		215,858,973		224,225,799
Total	\$	498,355,444	438,680,200		1,127,231,363	1,058,409,793		1,625,586,807	1,4	197,089,993

Additional information on the City's capital assets can be found in Note 7 of the notes to the financial statements on pages 49-51 of this report.

#### **LONG-TERM DEBT**

At August 31, 2005, the City of Lincoln had total bonded debt outstanding of \$723,778,000. Of this amount, \$104,538,000 comprises debt backed by the full faith and credit of the City. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

#### City Of Lincoln Outstanding Bonded Debt (dollar amounts in thousands) August 31, 2005 and 2004

Governm	nental	Business-	-type			
Activit	ties	Activit	ies	Total		
2005	2004	2005	2004	2005	2004	
104,538	98,815	-	-	104,538	98,815	
-	100	-	-	-	100	
9,690	10,255	-	-	9,690	10,255	
		609,550	572,360	609,550	572,360	
114,228	109,170	609,550	572,360	723,778	681,530	
	Activit 2005 104,538	104,538 98,815 - 100 9,690 10,255	Activities         Activit           2005         2004         2005           104,538         98,815         -           -         100         -           9,690         10,255         -           -         -         609,550	Activities         Activities           2005         2004         2005         2004           104,538         98,815         -         -           -         100         -         -           9,690         10,255         -         -           -         609,550         572,360	Activities         Activities         Total           2005         2004         2005         2004         2005           104,538         98,815         -         -         104,538           -         100         -         -         -           9,690         10,255         -         -         9,690           -         -         609,550         572,360         609,550	

The City's total bonded debt increased by \$42,248,000 (6 percent) during 2005. The key factor in this increase was the issuance of \$58,000,000 in revenue bonds by Lincoln Water and Wastewater Systems to provide funds for improvements to the utilities.

The City maintains the following credit ratings:

	Moody's Investors <u>Service</u>	Standard And <u>Poor's</u>	Fitch Investors <u>Service</u>
General Obligation Bonds	Aaa	AAA	-
Municipal Infrastructure			
Redevelopment Fund Bonds	Aa2	AAA	-
Antelope Valley Project Bonds	Aa2	AA	-
Water Revenue Bonds	Aa2	AA-	-
Wastewater Revenue Bonds			
MBIA insured	Aaa	AAA	-
Underlying	Aa2	AA+	-
Parking Revenue Bonds	A2	A	-
Lincoln Electric System			
Revenue Bonds	Aa2	AA	AA
Commercial Paper – tax exempt	-	A1+	F1+

Under the City's Home Rule Charter, there is no legal debt limit.

Additional information on the City's long-term debt can be found in Note 9 of the notes to the financial statements on pages 52-57 of this report.

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Property tax revenue required to fund the 2006 budget increased \$1,905,626 or 5.46% over the prior year. Total growth in the tax base is 3.38%. The estimated impact on the property tax rate in order to fund services and debt service is expected to be an increase of 2%.
- Sales tax collections for 2005 were below projections. 2006 projections reflect a 3% increase over 2005 actual collections. The 2005 Legislature passed an economic development incentive package for businesses that exempted manufacturing equipment from both the state and local option sales tax. For the six month period this exemption will be in place during 2006, it is estimated Lincoln's sales tax collections will be reduced by \$275,000 or .5 percent.
- Occupation tax revenues are expected to increase by \$606,323 (6.7%) in relation to telecommunications taxes.
- Recreation receipts are expected to increase by \$234,117 (11.7%) due to increased rates on a number of existing programs, as well as some proposed new self-supporting recreation programs.
- A 7% water rate increase and a 9% wastewater rate increase were adopted by the City Council and become effective January of 2006.
- The City pays employees every two weeks, or fourteen days. Every eleven or twelve years, depending on the number of leap years in the period, an additional pay period occurs during a fiscal year. This extra pay period falls in the 2006 fiscal year, significantly increasing its budget requirements. The cost of this extra pay period is approximately \$3.0 million for tax funds and \$4.7 million for all funds. The extra cost for tax funds is covered by using unspent bond funds from earlier bond issues to cover part of the 2006 debt service costs. This allows a similar amount of the property tax levy to be used to cover the extra payroll. The extra cost for non-tax funds is paid for by current revenues and balances in each fund.

All of these factors were considered in preparing the City's budget for the 2006 fiscal year.

At August 31, 2005, unreserved fund balance in the general fund amounted to \$29,467,581. The City of Lincoln has appropriated \$2,233,874 of this amount for spending in the 2006 fiscal year budget. The use of available fund balance aids the City in avoiding the need to raise additional property taxes during 2006.

#### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City of Lincoln's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Lincoln, Finance Department, 555 South 10<sup>th</sup> Street, Lincoln, NE 68508.



## **BASIC FINANCIAL STATEMENTS**

#### CITY OF LINCOLN, NEBRASKA

#### STATEMENT OF NET ASSETS AUGUST 31, 2005

With Summarized Financial Information as of August 31, 2004

		Governmental	Business-Type	Totals	
		Activities	Activities	2005	2004
ASSETS		20.462.740	25 <14 =2=	(0.888.45)	10.501.601
Cash and Cash Equivalents	\$	38,162,719	25,614,737	63,777,456	49,591,694
Investments		100,105,851	54,321,121	154,426,972	185,145,206
Invested Securities Lending Collateral		3,674,279	-	3,674,279	7,158,131
Receivables, (Net of Allowance for Uncollectibles)		11,448,391	29,915,991	41,364,382	39,176,824
Internal Balances		(6,988,075)	6,988,075	-	-
Due from Other Governments		35,039,727	5,339	35,045,066	29,253,925
Inventories		1,673,312	9,219,042	10,892,354	9,625,536
Plant Operation Assets		-	5,093,000	5,093,000	4,095,000
Prepaid Items		490,066	1,153,199	1,643,265	1,361,088
Deferred Charges and Other Assets		950,813	13,814,777	14,765,590	15,530,647
Restricted Assets:					
Cash and Cash Equivalents		-	835,586	835,586	829,896
Investments		37,160,000	121,459,329	158,619,329	186,056,475
Receivables		-	636,687	636,687	456,637
Investment in Joint Venture		72,495,337	-	72,495,337	47,842,172
Capital Assets:					
Non-depreciable		146,341,461	134,805,979	281,147,440	283,636,580
Depreciable (Net)		352,013,983	992,425,384	1,344,439,367	1,213,453,413
Total Assets		792,567,864	1,396,288,246	2,188,856,110	2,073,213,224
LIABILITIES					
Accounts Payable		9,856,985	26,573,986	36,430,971	34,378,352
Accrued Liabilities		6,351,084	9,433,838	15,784,922	14,722,965
Due to Other Governments		449,664	110,749	560,413	557,555
Unearned Revenue		1,013,184	265,785	1,278,969	1,380,580
Obligations under Securities Lending		3,674,279	=	3,674,279	7,158,131
Other Liabilities		=	6,346,000	6,346,000	6,124,666
Matured Bonds and Interest Payable		104,250	=	104,250	104,250
Accrued Interest Payable		1,142,460	8,186,191	9,328,651	9,013,909
Noncurrent Liabilities:					
Compensated Absences:					
Payable within One Year		5,406,284	758,934	6,165,218	6,364,864
Payable in More Than One Year		3,351,921	445,402	3,797,323	2,647,419
Claims and Judgements:					
Payable within One Year		2,377,583	=	2,377,583	2,335,986
Payable in More Than One Year		2,748,848	=	2,748,848	2,659,135
Bonds, Notes and Leases Payable:					
Due within One Year		6,524,338	19,662,439	26,186,777	26,108,752
Due in More Than One Year		119,449,341	678,867,589	798,316,930	750,940,480
Deferred Credits and Other		-	3,000	3,000	120,000
Net Pension Obligation		2,491,580	-,	2,491,580	1,430,383
Accrued Landfill Closure/Postclosure Care Costs		_,.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	7,998,000	7,998,000	7,238,000
Trestand Edition Closure 1 one could control	-		- 1,550,000		.,220,000
Total Liabilities		164,941,801	758,651,913	923,593,714	873,285,427
Total Emonitor	-	101,511,001		320,030,711	070,200,127
NET ASSETS					
Invested in Capital Assets, Net of Related Debt		399,561,548	509,989,903	909,551,451	857,661,179
Restricted for:		377,501,540	507,707,705	707,551,451	057,001,179
Debt Service, Net of Related Debt		11,114,839	13,892,895	25,007,734	31,477,027
Capital Projects		108,364,695	1,208,742	109,573,437	85,240,786
Other			1,200,742		
Trust Donations:		528,777	-	528,777	100,200
		1 606 110		1 606 110	1 502 120
Expendable		1,696,118	-	1,696,118	1,593,129
Nonexpendable		160,000	=	160,000	160,000
Health Care:		0.004.050		0.004.050	0.005.517
Expendable		8,834,070	-	8,834,070	8,025,744
Nonexpendable		37,000,000	-	37,000,000	37,000,000
Unrestricted	-	60,366,016	112,544,793	172,910,809	178,669,732
T - 127 - 4		(07 (01 010	(OF (O) OO	1.045.040.004	1 100 025 505
Total Net Assets	\$	627,626,063	637,636,333	1,265,262,396	1,199,927,797

The notes to the financial statements are an integral part of this statement.

CITY OF LINCOLN, NEBRASKA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2005
With Summarized Financial Information for the Year Ended August 31, 2004

			Program Revenues	:		(Expense) Revenue hanges in Net Asse		
	_	Charges for	Operating Grants and	Capital Grants and	Governmental	Business-Type	Tot	
	Expenses	Services	Contributions	Contributions	Activities	Activities	2005	2004
Functions/Programs								
Governmental Activities:								
General Government	\$ (27,955,407)	14,366,997	1,767,011	315,944	(11,505,455)	-	(11,505,455)	(12,322,904)
Public Safety	(70,432,578)	6,336,457	2,693,917	291,209	(61,110,995)	-	(61,110,995)	(57,669,537)
Streets and Highways	(20,620,140)	6,773,393	6,126,024	44,408,199	36,687,476	-	36,687,476	19,442,555
Culture and Recreation	(23,827,670)	3,088,848	2,251,835	1,642,504	(16,844,483)	-	(16,844,483)	(14,887,011)
Economic Opportunity	(17,701,471)	2,458,632	9,078,457	20,636	(6,143,746)	-	(6,143,746)	(4,780,191)
Health and Welfare	(18,873,394)	3,100,114	11,412,056	-	(4,361,224)	-	(4,361,224)	(3,622,257)
Mass Transit	(9,511,096)	1,294,012	1,817,128	-	(6,399,956)	-	(6,399,956)	(3,637,651)
Equipment Management	(2,012,107)	1,405,479	-	-	(606,628)	-	(606,628)	27,049
Engineering Services	(2,073,123)	1,597,621		327,867	(147,635)	-	(147,635)	(705,105)
Interest on Long-Term Debt	(4,859,767)	176,400	1,520,000	1,264,227	(1,899,140)		(1,899,140)	(859,045)
Total Governmental Activities	(197,866,753)	40,597,953	36,666,428	48,270,586	(72,331,786)		(72,331,786)	(79,014,097)
Business-Type Activities:								
Parking Lots	(282,945)	209,875	-	-	-	(73,070)	(73,070)	(29,449)
Golf	(3,295,680)	3,134,245	-	75,688	-	(85,747)	(85,747)	(322,260)
Parking Facilities	(4,903,338)	5,209,493	-	_	-	306,155	306,155	588,909
Municipal Auditorium	(2,211,685)	1,466,639	-	15,529	_	(729,517)	(729,517)	(741,039)
Sanitary Landfill	(6,767,689)	3,997,492	-	17,000	_	(2,753,197)	(2,753,197)	(2,104,721)
Emergency Medical Services	(3,828,891)	3,332,354	_	_	_	(496,537)	(496,537)	(105,661)
Wastewater System	(16,461,078)	16,920,940	650,300	4,364,378	_	5,474,540	5,474,540	6,337,098
Water System	(22,249,027)	24,266,844	_	5,231,057	_	7,248,874	7,248,874	6,012,200
Electric System	(171,812,000)	168,487,000				(3,325,000)	(3,325,000)	5,790,000
Total Business-Type Activities	(231,812,333)	227,024,882	650,300	9,703,652		5,566,501	5,566,501	15,425,077
Total Primary Government	\$ (429,679,086)	267,622,835	37,316,728	57,974,238	(72,331,786)	5,566,501	(66,765,285)	(63,589,020)
	General Revenues:							
	Property Tax				40,877,070	_	40,877,070	39,138,647
	Motor Vehicle T	av			4,256,521		4,256,521	4,055,313
	Wheel Tax	ux			9,153,599	_	9,153,599	8,634,929
	Sales and Use Ta	x			53,741,266	_	53,741,266	51,978,978
	Sundry and In Li				31,765	_	31,765	36,735
	Occupation Tax				9,451,789	2,111,731	11,563,520	11,526,085
		nts and Contribution	ons		1,577,852	2,111,751	1,577,852	1,597,551
	Unrestricted Inve		0113		2,800,970	3,986,941	6,787,911	7,551,083
	Miscellaneous G	U			1,042,665	165,585	1,208,250	670,994
	Gain on Sale of O				2,857,136	44,736	2,901,872	598,700
	Transfers	suprui 7 issets			1,290,018	(1,289,760)	258	(335)
	Total General R	evenues and Tran	sfers		127,080,651	5,019,233	132,099,884	125,788,680
	Change in Ne	t Assets			54,748,865	10,585,734	65,334,599	62,199,660
	Net Assets - Begin	ning			572,877,198	627,050,599	1,199,927,797	1,137,728,137
	Net Assets - Endin	g		:	\$ 627,626,063	637,636,333	1,265,262,396	1,199,927,797

CITY OF LINCOLN, NEBRASKA BALANCE SHEET GOVERNMENTAL FUNDS AUGUST 31, 2005

	General Fund	Street Construction Fund	Federal Grants Fund	Community Health Permanent Endowment Fund	Other Governmental Funds	Total
ASSETS						
Cash and Cash Equivalents \$	5,594,163	6,655,211	2,553	3,178,910	18,485,375	33,916,212
Investments	10,445,894	17,935,083	-	42,554,539	54,619,444	125,554,960
Invested Securities Lending Collateral Receivables, (Net of Allowance for Uncollectibles)	4,577,258	292,513	14,035	3,674,279 141,704	6,020,227	3,674,279 11,045,737
Due from Other Funds	4,964,779	5,293,391	14,035	41,927	6,528,232	16,828,329
Due from Other Governments	9,650,821	18,784,614	4,334,611	-	1,817,600	34,587,646
Inventories	396,752	80,520	-	-	737,236	1,214,508
Prepaid Items Total Assets	16,553,180 52,182,847	49,041,332	4,351,199	49,591,359	<u>16,449</u> 88,224,563	16,569,629 243,391,300
Total Assets	32,162,647	49,041,332	4,331,199	49,391,339	88,224,303	243,391,300
LIABILITIES AND FUND BALANCES						
Liabilities: Accounts Payable	707,035	4,851,838	715,855	72,758	2,139,472	8,486,958
Contracts Payable	-	32,777	715,655	12,136	729,932	762,709
Accrued Liabilities	3,202,063	151,703	527,584	10,251	1,861,367	5,752,968
Due to Other Funds	15,731,419	13,267	3,228,409	-	6,599,157	25,572,252
Due to Other Governments	219,170	26	173,090	-	55,564	447,850
Unearned Revenue	-	-	-	2 674 270	307,458	307,458
Obligations under Securities Lending Deferred Revenue	919,886	15,190,338	1,827,729	3,674,279	3,474,078	3,674,279 21,412,031
Matured Bonds and Interest Payable	-	13,190,336	1,027,729	-	104,250	104,250
Total Liabilities	20,779,573	20,239,949	6,472,667	3,757,288	15,271,278	66,520,755
Fund Balances (Deficits): Reserved for:						
Inventories	396,752	80,520	_	_	737,236	1,214,508
Prepaid Items	302,514	,	=	=	-	302,514
Improvements	707,650	-	-	-	251,043	958,693
Restricted Funds	528,777	-	-	-	-	528,777
Debt Service	-	-	-	-	15,419,144	15,419,144
Trust Donations Health Care (non-expendable)	-	-	-	37,000,000	1,856,117	1,856,117 37,000,000
Unreserved, Reported in: General Fund:				37,000,000		37,000,000
Designated for Debt Service	379,972	-	-	-	-	379,972
Designated for Subsequent Years Expenditures	6,836,821	-	-	-	-	6,836,821
Designated for Encumbrances	862,395	-	-	-	-	862,395
Undesignated	21,388,393	-	-	-	-	21,388,393
Special Revenue Funds:  Designated for Subsequent Years Expenditures		93,949			1,696,463	1,790,412
Designated for Encumbrances	-	17,220,559	-	-	404,460	17,625,019
Undesignated	-	11,406,355	(2,121,468)	-	17,819,563	27,104,450
Debt Service Funds	-	-	=	-	7,070,715	7,070,715
Capital Projects Funds	=	-	-	-	27,698,544	27,698,544
Permanent Fund Total Fund Balances (Deficits)	31.403.274	28,801,383	(2,121,468)	8,834,071 45,834,071	72,953,285	8,834,071 176,870,545
Total Liabilities and Fund Balances \$	52,182,847	49,041,332	4,351,199	49,591,359	88,224,563	170,870,343
Ψ Sales Mass and I also Salamees	52,162,617	15,611,882	1,001,133	13,032,003	55,221,555	
Amounts reported for governmental activities in th	e statement of net	assets are different l	because:			
Capital assets used in governmental activities ar	e not financial reso	ources and, therefore	e, not reported in the	ne funds.		472,715,647
Investment in joint venture is not a financial reso			•			72,495,337
•				4 6 1		
Other long-term assets are not available to pay f	•	•				21,412,031
Internal service funds are used by management to and liabilities of the internal service funds are i						20,435,286
Accrued pension contribution liability requires t	he use of unavaila	ble financial resourc	ces and, therefore,	is not		
reported in the funds.						(70,376)
Long-term liabilities, including bonds payable, a in the funds.	are not due and pay	yable in the current	period and, therefo	re, not reported		(136,232,407)
Net assets of governmental activities						\$ 627,626,063
or go or mineral doublines						

# CITY OF LINCOLN, NEBRASKA STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED AUGUST 31, 2005

		General Fund	Street Construction Fund	Federal Grants Fund	Community Health Permanent Endowment Fund	Other Governmental Funds	Total
REVENUES						-	
Taxes: Property	\$	23,106,577				17,770,447	40,877,024
Motor Vehicle	Ф	4,256,521	-	-	=	17,770,447	4,256,521
Wheel		4,230,321	-	-	=	9,153,599	9,153,599
Sales and Use		53,741,266	-	-	=	9,155,599	53,741,266
Sundry and In Lieu		25,589	<del>-</del>	-	-	9,299	34,888
Occupation		9,853,990	<del>-</del>	-	-	9,299	9,853,990
Special Assessment		523	_	_	_	1,400,268	1,400,791
Intergovernmental		3,253,407	34,145,597	18,284,260		7,496,907	63,180,171
Permits and Fees		3,037,086	3,019,449	638,951	_	9,839,563	16,535,049
Reimbursement for Services		5,479,210	15,209	532,264	_	909,651	6,936,334
Program Income		5,175,210	-	1,758,999	_	-	1,758,999
Investment Earnings		467,367	485,201	10,806	1,882,695	1,481,242	4,327,311
Donations		750,977	-	82,665	3,500	1,313,055	2,150,197
Keno Proceeds		-	_	-	-	3,016,301	3,016,301
Miscellaneous		592,721	3,597,283	6.007	6,686	900,223	5,102,920
Total Revenues		104,565,234	41,262,739	21,313,952	1,892,881	53,290,555	222,325,361
EXPENDITURES							
Current:							
General Government		26,401,074	-	101,377	-	6,030,234	32,532,685
Public Safety		47,287,905	-	3,060,028	-	8,321,999	58,669,932
Streets and Highways		6,376,124	8,341,406	-	-	2,347,315	17,064,845
Culture and Recreation		10,905,439	-	2,341,721	-	8,422,687	21,669,847
Economic Opportunity		289,253	-	10,127,830	-	4,453,509	14,870,592
Health and Welfare		319,155	=	7,620,664	1,084,554	10,102,558	19,126,931
Mass Transit		-	=	137,841	=	8,169,080	8,306,921
Debt Service		-	-	-	-	10,562,993	10,562,993
Capital Outlay			47,418,909			18,440,841	65,859,750
Total Expenditures		91,578,950	55,760,315	23,389,461	1,084,554	76,851,216	248,664,496
Excess (Deficiency) of Revenues							
Over (Under) Expenditures		12,986,284	(14,497,576)	(2,075,509)	808,327	(23,560,661)	(26,339,135)
OTHER FINANCING SOURCES (USES)							
Transfers In		1,720,367	8,427,354	459,811	-	27,394,636	38,002,168
Transfers Out		(21,116,730)	(3,861,340)	(177,078)	-	(11,601,977)	(36,757,125)
Issuance of Debt		1,785,000	=	-	=	16,870,035	18,655,035
Premiums / Discounts on Debt Issued		(8,470)	=	-	=	35,048	26,578
Transfer To Bond Refunding Agent		-	=	-	=	(6,504,876)	(6,504,876)
Sale of Capital Assets		63,404		=		2,527,363	2,590,767
Total Other Financing Sources (Uses)		(17,556,429)	4,566,014	282,733		28,720,229	16,012,547
Net Change in Fund Balances		(4,570,145)	(9,931,562)	(1,792,776)	808,327	5,159,568	(10,326,588)
Fund Balances (Deficits) - Beginning		35,973,419	38,732,945	(328,692)	45,025,744	67,793,717	187,197,133
Fund Balances (Deficits) - Ending	\$	31,403,274	28,801,383	(2,121,468)	45,834,071	72,953,285	176,870,545

## $\textbf{CITY OF LINCOLN, NEBRASKA} \\ \textbf{RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN } \\$ FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED AUGUST 31, 2005

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	(10,326,588)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the		
current period.		30,487,785
The net effect of various miscellaneous transactions involving capital contributions is to increase net assets.		12,637,345
Revenues in the statement of activites that do not provide current financial resources are not reported as revenues in the funds.		4,648,252
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(6,242,635)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(732,130)
Changes in the net pension asset/obligation do not represent financial activity in governmental funds.		(1,061,197)
Changes in the interest in the underlying net assets of the joint venture do not represent financial activity in governmental funds.		24,653,165
Some pension contribution expenses require the use of unavailable financial resources and, therefore, are not reported as expenditures in governmental funds.		(9,341)
Internal service funds are used by management to charge the costs of certain services to individual funds.	_	694,209
Change in net assets of governmental activities	\$_	54,748,865

#### GENERAL FUND

# STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) FOR THE YEAR ENDED AUGUST 31, 2005

					Variance with Final Budget
	_	Budgeted		Actual	Positive
Revenues:	-	Original	Final	Amounts	(Negative)
Real Estate and Personal Property Tax	\$	25,302,252	25,302,252	27,648,421	2,346,169
Taxes Collected by Others	φ	54,628,325	54,628,325	53,781,209	(847,116)
Sundry Taxes and In Lieu		29,863	29,863	25,928	(3,935)
Occupation Taxes		9,192,053	9,192,053	9,395,719	203,666
Special Assessment		1,700	1,700	661	(1,039)
Intergovernmental		3,187,625	3,187,625	3,318,451	130,826
Permits and Fees		2,561,507	2,561,507	2,565,968	4,461
Reimbursement for Services		2,398,269	2,398,269	2,288,841	(109,428)
Court Fees		530,400	530,400	473,229	(57,171)
Recreation Receipts		1,999,753	1,999,753	1,919,513	(80,240)
Investment Earnings		530,944	530,944	515,537	(15,407)
Donations		712,202	712,202	738,627	26,425
Rental Income		436,282	436,282	453,554	17,272
Parking Revenue		835,000	835,000	835,000	-
Miscellaneous	_	335,940	335,940	433,353	97,413
Total Revenues	_	102,682,115	102,682,115	104,394,011	1,711,896
Expenditures:					
General Government:					
Legislative		304,014	304,014	237,318	66,696
Executive		1,468,123	1,477,131	1,328,730	148,401
Financial Administration		2,392,413	2,422,413	2,242,721	179,692
Law		2,050,729	2,050,729	1,954,770	95,959
Personnel Administration		841,689	843,239	843,239	= -
Planning and Zoning		1,831,793	1,831,793	1,758,387	73,406
Urban Development		851,406	851,406	1,222,980	(371,574)
Miscellaneous  Total General Government	-	18,554,512	18,216,698	16,755,863	1,460,835
	-	28,294,679	27,997,423	26,344,008	1,653,415
Public Safety: Police		27,594,203	27,594,203	26,873,616	720,587
Fire		18,902,545	18,902,545	18,831,193	71,352
Building and Safety		9,758	9,758	9,758	71,332
Traffic Engineering		1,553,126	1,553,126	1,488,400	64,726
Total Public Safety	-	48,059,632	48,059,632	47,202,967	856,665
Streets and Highways:	-	10,033,032	10,037,032	17,202,307	050,005
Street Maintenance		2,527,782	2,479,087	2,249,288	229,799
Street Lighting		3,035,700	3,035,700	3,985,123	(949,423)
Total Streets and Highways	-	5,563,482	5,514,787	6,234,411	(719,624)
Culture and Recreation:	-				
Parks and Recreation		10,979,264	11,023,764	10,850,877	172,887
Libraries		96,696	96,696	96,696	-
Total Culture and Recreation	_	11,075,960	11,120,460	10,947,573	172,887
Economic Opportunity:	_				
Lincoln Area Agency on Aging	_	293,452	293,452	292,862	590
Health and Welfare:					
Lincoln/Lancaster County Health	_	326,340	326,340	324,766	1,574
Total Expenditures	_	93,613,545	93,312,094	91,346,587	1,965,507
Excess of Revenues Over Expenditures		9,068,570	9,370,021	13,047,424	3,677,403
Other Financing Sources (Uses):	_	<u> </u>			
Transfers In		1,534,983	1,534,983	1,710,401	175,418
Transfers Out		(21,995,863)	(22,359,401)	(21,116,730)	1,242,671
Proceeds from Issuance of Debt		1,785,000	1,785,000	1,785,000	=
Premiums / Discounts on Debt Issued		-	-	(8,470)	(8,470)
Sale of Capital Assets	_	44,334	44,334	63,403	19,069
Total Other Financing Sources (Uses)	_	(18,631,546)	(18,995,084)	(17,566,396)	1,428,688
Net Change in Fund Balances		(9,562,976)	(9,625,063)	(4,518,972)	5,106,091
Fund Balances - Beginning		27,465,383	27,465,383	27,465,383	
Fund Balances - Ending	\$	17,902,407	17,840,320	22,946,411	5,106,091
r one Daminees - Ending	φ=	17,702,707	17,070,340	22,770,711	5,100,071



#### STREET CONSTRUCTION FUND

# STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) FOR THE YEAR ENDED AUGUST 31, 2005

					Variance with Final Budget
	_	Budgeted		Actual	Positive
	-	Original	Final	Amounts	(Negative)
Revenues:					
Intergovernmental	\$	17,600,000	17,600,000	15,105,682	(2,494,318)
Permits and Fees		-	-	1,538,522	1,538,522
Reimbursement for Services		300,000	300,000	7,372	(292,628)
Investment Earnings		300,000	300,000	27,095	(272,905)
Miscellaneous		-	-	9,966	9,966
Total Revenues	_	18,200,000	18,200,000	16,688,637	(1,511,363)
Expenditures Streets and Highways:					
Personal Services		3,093,400	3,093,400	3,127,137	(33,737)
Materials and Supplies		472,200	472,200	461,221	10,979
Other Services and Charges		1,941,064	1,948,264	1,770,989	177,275
Capital Outlay		125,006	125,006	115,679	9,327
Total Expenditures	_	5,631,670	5,638,870	5,475,026	163,844
Excess of Revenues Over Expenditures	_	12,568,330	12,561,130	11,213,611	(1,347,519)
Other Financing Sources (Uses):					
Transfers In		8,427,354	8,427,354	8,427,354	-
Transfers Out		(3,861,340)	(3,861,340)	(3,861,340)	-
Total Other Financing Sources (Uses)	_	4,566,014	4,566,014	4,566,014	-
Net Change in Fund Balances		17,134,344	17,127,144	15,779,625	(1,347,519)
Amount Not Required to be Budgeted		(26,570,773)	(26,570,773)	(26,570,773)	-
Fund Balances - Beginning	_	35,808,787	35,808,787	35,808,787	
Fund Balances - Ending	\$_	26,372,358	26,365,158	25,017,639	(1,347,519)

### FEDERAL GRANTS FUND

# STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) FOR THE YEAR ENDED AUGUST 31, 2005

Variance with

				Final Budget
	Budgeted	Amounts	Actual	Positive
	Original	Final	Amounts	(Negative)
				(= += g/
Revenues:	17 466 020	15 466 020	15 112 001	(222.026)
Intergovernmental \$	17,466,920	17,466,920	17,143,884	(323,036)
Permits and Fees	598,853	598,853	598,853	-
Reimbursement for Services	221,676	221,676	221,676	-
Client Contributions	1,214	1,214	1,214	-
Program Income	1,384,084	1,384,084	1,758,999	374,915
Recreation Receipts	194,320	194,320	194,320	-
Investment Earnings	12,447	12,447	12,867	420
Donations	80,665	80,665	80,665	-
Rental Income	111,168	111,168	111,753	585
Miscellaneous	3,666	3,666	3,676	10
Total Revenues	20,075,013	20,075,013	20,127,907	52,894
Expenditures:				
General Government:				
Materials and Supplies	116	116	116	-
Other Services and Charges	123,219	123,219	123,219	-
Capital Outlay	17,000	17,000	17,000	-
Total General Government	140,335	140,335	140,335	
Public Safety:				
Personal Services	954,981	954,981	954,981	_
Materials and Supplies	185,216	185,216	185,216	_
Other Services and Charges	686,234	686,234	686,234	_
Capital Outlay	1,094,954	1,094,954	1,094,954	_
Total Public Safety	2,921,385	2,921,385	2,921,385	
Culture and Recreation:				
Personal Services	444,421	444,421	444,421	_
Materials and Supplies	31,147	31,147	31,147	_
Other Services and Charges	196,663	196,663	196,663	_
Capital Outlay	1,779,968	1,779,968	1,779,968	_
Total Culture and Recreation	2,452,199	2,452,199	2,452,199	
	2,132,133	2,132,133	2,132,177	
Economic Opportunity:				
Personal Services	3,708,356	3,710,532	3,680,108	30,424
Materials and Supplies	120,633	120,633	125,986	(5,353)
Other Services and Charges	1,870,444	1,920,432	2,104,137	(183,705)
Capital Outlay	24,235	406,700	34,460	372,240
Loans and Grants	3,360,777	5,545,655	4,054,880	1,490,775
Total Economic Opportunity	9,084,445	11,703,952	9,999,571	1,704,381

(Continued)

## (Federal Grants Fund, Continued)

	Budgeted.	Amounts	Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Health and Welfare:				
Personal Services	3,768,792	3,768,792	3,768,792	-
Materials and Supplies	192,585	192,585	192,585	-
Other Services and Charges	3,241,125	3,241,125	3,241,125	-
Capital Outlay	335,699	335,699	335,699	-
Loans and Grants	65,494	65,494	65,494	
Total Health and Welfare	7,603,695	7,603,695	7,603,695	
Mass Transit:				
Personal Services	128,618	128,618	128,618	
Other Services and Charges	7,419	7,419	7,419	-
Total Mass Transit	136,037	136,037	136,037	
Total Wass Transit	130,037	130,037	130,037	
Total Expenditures	22,338,096	24,957,603	23,253,222	1,704,381
Deficiency of Revenues				
Under Expenditures	(2,263,083)	(4,882,590)	(3,125,315)	1,757,275
Other Financing Sources (Uses):				
Transfers In	438,069	438,069	459,811	21,742
Transfers Out	(180,813)	(180,813)	(180,813)	-
Total Other Financing Sources (Uses)	257,256	257,256	278,998	21,742
3 ( )				
Net Change in Fund Balances	(2,005,827)	(4,625,334)	(2,846,317)	1,779,017
Fund Deficits - Beginning	(1,216,350)	(1,216,350)	(1,216,350)	
Fund Deficits - Ending	\$ (3,222,177)	(5,841,684)	(4,062,667)	1,779,017

CITY OF LINCOLN, NEBRASKA STATEMENT OF NET ASSETS PROPRIETARY FUNDS AUGUST 31, 2005

		Business-Type Activities Enterprise Funds					
	Lincoln Wastewater	Lincoln Water	Lincoln Electric	Other Enterprise		Activities Internal Service	
	System	System	System	Funds	Total	Funds	
ASSETS							
Current Assets:							
Cash and Cash Equivalents	\$ 10,286,544	11,851,093	135,000	3,342,100	25,614,737	4,246,507	
Investments Restricted Assets:	-	-	46,036,000	8,285,121	54,321,121	11,710,891	
Cash and Cash Equivalents	_	_	-	398,673	398,673	_	
Investments	-	-	10,791,000	-	10,791,000	-	
Accounts Receivable	-	-	-	1,025	1,025	-	
Accrued Interest Receivable	-	-	-	1,202	1,202	-	
Accounts Receivable, (Net of Allowance for Uncollectibles)	1.827.714	3,026,678	7,839,000	2,150,028	14,843,420	297,259	
Accrued Interest Receivable	1,027,714	3,020,078	592,000	72,231	664,231	105,395	
Unbilled Revenues	1,738,716	3,436,624	9,233,000	-	14,408,340	-	
Due from Other Funds	3,094,816	4,531,045	-	871,801	8,497,662	1,795,013	
Due from Other Governments	-	-	-	5,339	5,339	452,081	
Inventories	141,448	736,435	8,175,000	166,159	9,219,042	458,804	
Plant Operation Assets	-	-	5,093,000	45 100	5,093,000	171 102	
Prepaid Expenses  Total Current Assets	17,089,238	23,581,875	1,108,000 89,002,000	45,199 15,338,878	1,153,199	171,103 19,237,053	
Noncurrent Assets:	17,009,230	23,361,673	89,002,000	13,336,676	143,011,991	19,237,033	
Restricted Assets:							
Cash and Cash Equivalents	-	-	61,000	375,913	436,913	-	
Investments	32,943,511	40,131,150	34,881,000	2,712,668	110,668,329	-	
Accrued Interest Receivable	269,479	339,557	-	25,424	634,460	-	
Due from Other Funds	22 212 000	40, 470, 707	24.042.000	96,098	96,098		
Total Restricted Assets Deferred Charges	33,212,990 676,330	40,470,707 850,124	34,942,000 11,774,000	3,210,103 514,323	111,835,800		
Capital Assets:	070,330	650,124	11,774,000	314,323	13,614,777		
Land	2,778,024	4,712,330	-	7,660,124	15,150,478	48,250	
Buildings	54,243,731	91,667,071	-	49,019,029	194,929,831	373,146	
Improvements Other Than Buildings	161,860,471	202,085,318	-	25,933,050	389,878,839	1,163,159	
Machinery and Equipment	6,813,949	5,632,463	<del>.</del>	9,706,027	22,152,439	21,420,520	
Utility Plant	20 120 260	7.460.006	838,823,000	210 125	838,823,000	-	
Construction in Progress  Less Accumulated Depreciation	30,139,360 (61,088,727)	7,469,006 (72,916,875)	81,729,000 (286,146,000)	318,135 (33,207,123)	119,655,501 (453,358,725)	(13,615,944)	
Total Capital Assets, Net	194,746,808	238,649,313	634,406,000	59,429,242	1,127,231,363	9,389,131	
Total Noncurrent Assets	228,636,128	279,970,144	681,122,000	63,153,668	1,252,881,940	9,389,131	
Total Assets	245,725,366	303,552,019	770,124,000	78,492,546	1,397,893,931	28,626,184	
LIABILITIES Current Liabilities:							
Accounts Payable	252,795	840.097	11,714,000	653,921	13,460,813	607,318	
Construction Contracts	3,709,474	788,699	8,615,000	-	13,113,173	-	
Accrued Liabilities	464,235	847,402	7,827,000	295,201	9,433,838	527,740	
Accrued Compensated Absences	254,424	286,785	-	217,725	758,934	536,740	
Due to Other Funds	-	-	-	293,026	293,026	39,165	
Due to Other Governments	-	-	-	110,749	110,749	1,814	
Unearned Revenue Claims	-	-	-	265,785	265,785	705,726 2,377,583	
Accrued Interest	557,063	161,460	7,426,000	41,668	8,186,191	763	
Current Portion of Capital Lease		-	, =-,	432,439	432,439	55,085	
Current Portion of Long-Term Debt	2,065,000	5,130,000	10,545,000	1,490,000	19,230,000	-	
Other	<del>-</del>		6,346,000	<u> </u>	6,346,000		
Total Current Liabilities	7,302,991	8,054,443	52,473,000	3,800,514	71,630,948	4,851,934	
Noncurrent Liabilities: Due to Other Funds				1,312,659	1,312,659		
Accrued Compensated Absences	155,858	234,743	_	54,801	445,402	366,378	
Claims	, -	, , , , , , , , , , , , , , , , , , ,	-	-	-	2,748,848	
Long-Term Debt, Net	69,853,810	80,131,568	421,632,000	16,373,704	587,991,082	-	
Capital Lease Payable	-	-	<del>-</del>	703,507	703,507	223,738	
Commercial Paper Notes Payable	-	-	90,173,000	-	90,173,000	-	
Deferred Credits and Other Accrued Landfill Closure/Postclosure Care Costs	-	-	3,000	7,998,000	3,000 7,998,000	-	
Total Noncurrent Liabilities	70,009,668	80,366,311	511,808,000	26,442,671	688,626,650	3,338,964	
Total Liabilities	77,312,659	88,420,754	564,281,000	30,243,185	760,257,598	8,190,898	
NET ASSETS	140.075.405	101 100 771	124 071 000	40.042.015	500 000 000	0.110.202	
Invested in Capital Assets, Net of Related Debt	143,065,437	191,109,551	134,871,000	40,943,915	509,989,903	9,110,308	
Restricted for: Debt Service, Net of Related Debt	1,937,602	249,875	9,340,000	2,365,418	13,892,895		
Capital Projects	1,337,002	∠ <del>+</del> 2,013 -	<i>&gt;,&gt;</i> +0,000 -	1,208,742	1,208,742	-	
Unrestricted	23,409,668	23,771,839	61,632,000	3,731,286	112,544,793	11,324,978	
Total Net Assets	\$ 168,412,707	215,131,265	205,843,000	48,249,361	637,636,333	20,435,286	

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS FOR THE YEAR ENDED AUGUST 31, 2005

_	Business-Type Activities Enterprise Funds					Governmental
_	Lincoln Wastewater System	Lincoln Water System	Lincoln Electric System	Other Enterprise Funds	Total	Activities Internal Service Funds
Operating Revenues						
Charges for Services \$	16,985,552	24,362,174	168,487,000	3,332,354	213,167,080	28,230,424
Fees	-	-	-	6,882,058	6,882,058	-
Parking Facility Revenue Pledged				2 415 227	2 415 227	
as Security for Revenue Bonds Parking Facility Revenue - Unpledged	-	-	-	2,415,227 3,000,613	2,415,227 3,000,613	-
Performance Revenue	-	-	-	1,374,505	1,374,505	-
Other Operating Revenue	_	_	_	358,193	358,193	_
Total Operating Revenues	16,985,552	24,362,174	168,487,000	17,362,950	227,197,676	28,230,424
Operating Expenses Personal Services				6,663,135	6,663,135	11,841,167
Contractual Services	_		_	4,787,572	4,787,572	11,041,107
Operation and Maintenance	9,040,816	11,232,841	11,370,000	5,229,149	36,872,806	14,346,857
Purchased Power	-	-	80,352,000	5,225,115	80,352,000	- 11,510,057
Depreciation	4,946,618	6,020,484	26,632,000	3,508,324	41,107,426	2,144,337
Payments in Lieu of Taxes	-	-	6,403,000	-	6,403,000	-
Administrative Costs	1,442,139	1,912,824	22,033,000	-	25,387,963	-
Total Operating Expenses	15,429,573	19,166,149	146,790,000	20,188,180	201,573,902	28,332,361
Operating Income (Loss)	1,555,979	5,196,025	21,697,000	(2,825,230)	25,623,774	(101,937)
Nonoperating Revenues (Expenses)						
Investment Earnings	890,964	1,238,566	1,499,000	358,411	3,986,941	361,593
Gain on Disposal of Capital Assets	-	-	-	15,797	15,797	114,101
Occupation Tax	-	-	-	2,111,731	2,111,731	-
Grants	650,300	-	-	-	650,300	-
Amortization of Deferred Charges	(25,228)	(65,410)	(4,231,000)	(49,080)	(4,370,718)	-
Interest Expense and Fiscal Charges	(1,006,277)	(3,017,468)	(20,791,000)	(1,031,238)	(25,845,983)	(3,103)
Total Nonoperating Revenues (Expenses)	509,759	(1,844,312)	(23,523,000)	1,405,621	(23,451,932)	472,591
Income (Loss) Before Contributions and Transfers	2,065,738	3,351,713	(1,826,000)	(1,419,609)	2,171,842	370,654
Capital Contributions	4,364,378	5,231,057	-	108,217	9,703,652	278,580
Transfers In	-	-	-	568,625	568,625	78,150
Transfers Out	-	-	(1,146,000)	(712,385)	(1,858,385)	(33,175)
Change in Net Assets	6,430,116	8,582,770	(2,972,000)	(1,455,152)	10,585,734	694,209
Net Assets - Beginning	161,982,591	206,548,495	208,815,000	49,704,513	627,050,599	19,741,077
Net Assets - Ending \$_	168,412,707	215,131,265	205,843,000	48,249,361	637,636,333	20,435,286

CITY OF LINCOLN, NEBRASKA STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED AUGUST 31, 2005

	Business-Type Activities Enterprise Funds					Governmental
	Lincoln Wastewater System	Lincoln Water System	Lincoln Electric System	Other Enterprise Funds	Total	Activities Internal Service Funds
<b>Cash Flows from Operating Activities</b>						
Receipts from Customers and Users Receipts from Interfund Services Provided Payments to Suppliers for Goods and Services	\$ 16,471,764 591,604 (8,314,554)	22,265,504 543,615 (5,499,422)	194,154,000 3,988,000 (122,673,000)	17,182,864 245,778 (8,079,978)	250,074,132 5,368,997 (144,566,954)	7,205,992 21,166,134 (12,423,256)
Payments to Employees Payments for Interfund Services Provided Payments in Lieu of Taxes Other Receipts	(6,081,704) (1,392,153)	(6,615,451) (2,441,864)	(19,070,000) (1,416,000) (6,250,000)	(6,598,324) (1,297,799) - 358,193	(38,365,479) (6,547,816) (6,250,000) 358,193	(11,654,875) (1,645,873)
Net Cash Provided by Operating Activities	1,274,957	8,252,382	48,733,000	1,810,734	60,071,073	2,648,122
Cash Flows from Noncapital Financing Activities Occupation Tax Transfers from Other Funds	-	-	-	2,176,512	2,176,512	70.150
Transfers to Other Funds Advances from General Fund	- - -	-	(1,146,000)	568,625 (712,385) 741,806	568,625 (1,858,385) 741,806	78,150 (33,175)
Repayment of Advances from General Fund Advances to Other Funds Payments from Other Funds	(2,834,928)	(3,265,734)	-	(362,801) (972,668) 29,480	(362,801) (7,073,330) 29,480	(1,487,837) 193,958
Interest Paid Federal Grant Revenue Net Cash Provided (Used) by Noncapital Financing Activities	650,300 (2,184,628)	(3,265,734)	(11,000)	(36,334)	(47,334) 650,300 (5,175,127)	(1,248,904)
Cash Flows from Capital and Related Financing Activities Additions to Capital Assets	(31,065,092)	(7,286,398)	(68,371,000)	(985,759)	(107,708,249)	(2,712,630)
Proceeds from Sale of Capital Assets Proceeds from Long-Term Debt Net Proceeds of Retiring Plant	18,215,479	41,273,287	13,950,000	37,527 - -	37,527 59,488,766 13,950,000	266,367 292,417
Principal Payments of Capital Lease Principal Payments of Long-Term Debt Interest and Fiscal Charges Paid	(1,500,000) (1,032,957)	(4,895,000) (3,132,487)	(12,980,000) (22,635,000)	(417,962) (1,435,000) (999,543)	(417,962) (20,810,000) (27,799,987)	(13,594)
Net Cash Provided (Used) by Capital and Related Financing Activities	(15,382,570)	25,959,402	(90,036,000)	(3,800,737)	(83,259,905)	(2,169,780)
Cash Flows from Investing Activities Proceeds from Sale and Maturities of Investments Purchases of Investments	19,982,260 (5,234,636)	(23,848,871)	275,378,000 (235,875,000)	3,167,357 (2,226,663)	298,527,617 (267,185,170)	3,515,148 (2,216,362)
Interest and Other Receipts Net Cash Provided (Used) by Investing Activities	1,277,712 16,025,336	1,433,604 (22,415,267)	2,560,000 42,063,000	437,034 1,377,728	5,708,350 37,050,797	475,484 1,774,270
Net Increase (Decrease) in Cash and Cash Equivalents Cash and Cash Equivalents - Beginning Cash and Cash Equivalents - Ending	(266,905) 10,553,449 \$ 10,286,544	8,530,783 3,320,310 11,851,093	(397,000) 593,000 196,000	819,960 3,296,726 4,116,686	8,686,838 17,763,485 26,450,323	1,003,708 3,242,799 4,246,507
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities	h 1555.070	5.106.025	21 (27 222	(2.025.220)	25 (22 554	(101.005)
Operating Income (Loss) Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	\$ 1,555,979	5,196,025	21,697,000	(2,825,230)	25,623,774	(101,937)
Depreciation Changes in Assets and Liabilities: Accounts Receivable and Unbilled Revenues	4,946,618 84,816	6,020,484 (1,556,155)	26,632,000 (1,720,000)	3,508,324	41,107,426 (2,886,148)	2,144,337
Due from Other Funds Due from Other Governments Inventories	(34,223)	- - 49,011	(1,193,000)	9,799 995 16,357	9,799 995 (1,161,855)	264,994 89,477 (7,032)
Plant Operation Assets Prepaid Expenses Other Assets	- - -	-	(998,000) (242,000) (751,000)	32,102	(998,000) (209,898) (751,000)	3,412
Accounts Payable Accrued Liabilities Accrued Compensated Absences	(5,357,039) 39,259 39,547	(1,658,524) 154,703 46,838	5,010,000	(118,254) 27,484 21,513	(2,123,817) 221,446 107,898	149,773 34,961 151,331
Due to Other Funds Due to Other Governments Unearned Revenue	, - - -	- - -	- - -	27,078 (62,122) 107,497	27,078 (62,122) 107,497	2,814 (2,549) (240,870)
Claims In Lieu of Taxes Other Current Liabilities	- - -		153,000 262,000	- - -	153,000 262,000	131,310
Deferred Credits and Other Liabilities Accrued Landfill Closure/Postclosure Care Costs Total Adjustments	(281,022)	3,056,357	(117,000) - 27,036,000	760,000 4,635,964	(117,000) 760,000 34,447,299	2,750,059
Net Cash Provided by Operating Activities  Supplemental Disclosure of Noncash Investing,	\$1,274,957_	8,252,382	48,733,000	1,810,734	60,071,073	2,648,122
Capital, and Financing Activities: Contribution of Capital Assets Purchase of Capital Assets on Account	\$ 3,992,211 3,709,474	3,677,860 788,699	-	108,217	7,778,288 4,498,173	278,580
Change in Fair Value of Investments	(351,387)	(415,864)		(124,586)	(891,837)	(137,234)

## STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS AUGUST 31, 2005

	_	Police & Fire Pension Trust Fund	Agency Funds
ASSETS			
Cash and Cash Equivalents Investments: Pooled Investment Funds	\$_	517,757 944,119	5,874,289
U.S. Agency Obligations		5,927,900	931,480
Corporate Bonds Mortgage-Backed Securities Municipal Bonds		4,895,000 2,002,500 1,075,000	-
Mutual Funds Real Estate Limited Partnership		1,073,000 123,989,176 22,074,501	-
Debt Private Placement Total Investments	_	2,000,000	931,480
Receivables:		102,700,170	731,400
Contributions Accrued Interest		326,775 603,424	- 14,165
Other  Due from Other Governments		153	56,441
Contractor Retainage	_	-	871,919
Total Assets	_	164,356,305	7,748,294
LIABILITIES			
Warrants Payable		-	2,598,986
Accounts Payable		61,406	56,418
Accrued Liabilities Accrued Compensated Absences		4,730 10,887	-
Due to Other Governments		10,007	3,390,937
Due to Contractors		_	1,518,397
Due to Joint Venture		_	171,183
Due to Bondholders	_	-	12,373
Total Liabilities	_	77,023	7,748,294
NET ASSETS			
Held in Trust for Pension Benefits	\$_	164,279,282	

## STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUND

## FOR THE YEAR ENDED AUGUST 31, 2005

	_	Police & Fire Pension Trust Fund
Additions:		
Contributions:		
Employer	\$	2,594,434
Employee	_	1,874,182
Total Contributions	_	4,468,616
Investment Earnings:		
Interest		749,229
Dividends		3,178,831
Net Increase in Fair Value of Investments		15,167,995
Net Investment Earnings		19,096,055
Total Additions	_	23,564,671
Deductions:		
Benefit Payments		6,946,307
Refunds of Contributions		587,880
Administrative Costs	_	227,680
Total Deductions	_	7,761,867
Change in Net Assets		15,802,804
Net Assets Held in Trust for Pension Benefits - Beginning	_	148,476,478
Net Assets Held in Trust for Pension Benefits - Ending	\$_	164,279,282

# NOTES TO THE FINANCIAL STATEMENTS

#### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### REPORTING ENTITY

The accompanying financial statements present the government of the City of Lincoln, Nebraska (City). Based upon the criteria identified in Governmental Accounting Standards Board (GASB) Statement 14, The Financial Reporting Entity, and Statement 39, Determining Whether Certain Organizations are Component Units, none of the City's significant potential component units are required to be included as part of the reporting entity. Regarding related organizations, the City's Mayor appoints and the City Council approves all of the board appointments of the Housing Authority of the City of Lincoln. However, the City has no further accountability for this organization.

#### FISCAL YEAR-END

All fund types of the City, with the exception of Lincoln Electric System (LES), are reported as of and for the year ended August 31, 2005. December 31st is the fiscal year-end of LES as established by the City Charter, and the last separate financial statements were as of and for the year ended December 31, 2004. The amounts included in the City's 2005 financial statements for LES are figures as of and for the year ended December 31, 2004.

#### **GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Fiduciary activities, whose resources are not available to finance the City's programs, are excluded from the government-wide statements. The material effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

## MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the *total economic resources measurement* focus and the accrual basis of accounting, as are the proprietary fund and trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have

August 31, 2005

been met. Agency funds, reporting only assets and liabilities, have no measurement focus but use the accrual basis of accounting.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including interest on long-term debt, as well as expenditures related to compensated absences and claims and judgements are recorded only when payment is due.

Property taxes, sales taxes, highway user fees, interdepartmental charges, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual. Special assessments are recorded as revenues in the year the assessments become current. Annual installments not yet due are reflected as special assessment receivables and deferred revenues. Other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The <u>General Fund</u> finances the day-to-day operation of the basic governmental activities, such as legislative, judicial, administration, police and fire protection, legal services, planning, and parks and recreation.

The <u>Street Construction Fund</u> accounts for the resources accumulated and payments made for the maintenance, construction, and improvement of the streets and highways in the City.

The Federal Grants Fund accounts for the costs of providing services under the City's Community Development Block Grant Program with funding provided by grants from the Department of Housing and Urban Development; monies received from various federal and state agencies under several small categorical grants and the City's matching funds to provide services as stipulated in the individual grant agreements; costs of providing services under the Workforce Investment Act with funding provided by grants from the Department of Labor; and reimbursements from the Federal Emergency Management Agency due to disasters caused by storm and flood damage with funds used to reimburse other funds for related costs and to pay disaster related expenses.

The <u>Community Health Permanent Endowment Fund</u> accounts for the cash proceeds realized by the City from the sale of Lincoln General Hospital together with any interest or other investment income earned. The endowment may be increased by donations, bequests, or appropriations to the fund. Monies in the fund are used for funding health and health-related programs that further the health, safety, or welfare of the citizens of Lincoln.

The City reports the following major enterprise funds:

The <u>Lincoln Wastewater System Fund</u> accounts for the activities of the City's wastewater utility.

The <u>Lincoln Water System Fund</u> accounts for the activities of the City's water distribution operations.

The <u>Lincoln Electric System Fund</u> accounts for the activities of the City's electric distribution operations.

August 31, 2005

Additionally, the City reports the following fund types:

<u>Internal Service Funds</u> account for data processing, engineering, risk management, fleet management, telecommunications, and copy services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

The <u>Pension Trust Fund</u> accounts for the receipt, investment, and distribution of retirement contributions made for the benefit of police officers and firefighters.

The <u>Agency Funds</u> account for the collection of various taxes, fines, fees, and loan programs due to other government entities; good faith money due to contractors upon project completion; funds held to pay outstanding warrants; funds to pay phone system charges; defeased bond proceeds to pay called bonds for which the City Treasurer is trustee; funds for the joint administrative entity known as JAVA, created to coordinate planning and implementation of the Antelope Valley Project; funds deposited by Gateway Shopping Center in fulfillment of a condition of the use permit for expansion; and reserve funds held for the Public Building Commission Bonds.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict pronouncements of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. Only the City's Lincoln Wastewater System and Lincoln Water System funds have elected to follow subsequent private-sector guidance.

The effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and charges between the business-type functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, fines and forfeitures, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service funds are charges to customers for goods and services. Operating expenses include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

#### ASSETS, LIABILITIES, AND NET ASSETS OR FUND EQUITY

#### Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. These investments are not specifically identified with any one fund. Interest is allocated to the individual funds on the basis of average cash balances.

Notes to the Financial Statements August 31, 2005

The City may invest in certificates of deposit, in time deposits, and in any securities in which the state investment officer is authorized to invest pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act and as provided in the authorized investment guidelines of the Nebraska Investment Council in effect on the date the investment is made.

Investments in the Pension Trust Fund are carried at fair value. Investments in other funds are carried at fair value, except for short-term investments which are reported at amortized cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value, based on relevant market information of similar financial instruments. Income from investments held by the individual funds is recorded in the respective funds as it is earned.

In accordance with authorized investment laws, the Pension Trust Fund of the City is allowed to invest in various mortgage-backed securities, such as collateralized mortgage obligations. They are reported in aggregate as mortgage-backed securities in the disclosure of custodial credit risk (see Note 4).

#### Receivables and Payables

Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent current assets. Recognition of governmental fund type revenues represented by noncurrent receivables generally is deferred until they become current receivables.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

#### **Inventories and Prepaid Items**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. When certain payments are made that have benefit to future accounting periods and are funded by interfund borrowings, they are recorded as prepayments, with a like amount of interfund liability reflected. The prepayments are charged to expenditures on the governmental fund financial statements over the period of their economic benefit.

Amounts of governmental fund inventories and vendor prepaid items are offset by a fund balance reserve account to indicate that they do not represent "available spendable resources".

#### Restricted Assets

Certain proceeds of the enterprise funds revenue bonds and resources set aside for their repayment are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants. Assets included in the Bond Principal and Interest Account and the Bond Reserve Account are restricted for the payment of bond principal and interest. Assets included in the Surplus Account and the Depreciation and Replacement Account are restricted for purposes including improvements, repairs and replacements, acquisition of equipment, and the payment of bond principal and interest. Assets included in the Construction Account are restricted for paying the cost of the capital projects.

Certain assets of the Golf Enterprise Fund are classified as restricted assets to be used for capital improvements.

Notes to the Financial Statements August 31, 2005

Certain assets of the Pershing Municipal Auditorium Enterprise Fund are classified as restricted assets to be used for improvements.

A recap of restrictions and related balances at August 31, 2005 are as follows:

			Parking	Pershing Municipal	Lincoln Wastewater	Lincoln Water	Lincoln Electric	
Fund Account		Golf	Facilities	Auditorium	System	System	System	Totals
Principal and Interest	\$	-	266,661	=	=	=	10,791,000	11,057,661
Reserve		316,500	1,815,575	-	3,856,012	8,190,046	14,590,000	28,768,133
Surplus			=	=	1,359,963	=	=	1,359,963
Depreciation and Replacement		100,000	682,850	_	-	-	-	782,850
Construction		-	295,178	-	27,997,015	32,280,661	20,291,000	80,863,854
Capital Improvements		3,525	-	130,714	=	=	=	134,239
Self-Funded Claims	_	-					61,000	61,000
	\$_	420,025	3,060,264	130,714	33,212,990	40,470,707	45,733,000	123,027,700

Resources of the permanent funds totaling \$37,160,000 are legally restricted to the extent that only earnings and not principal may be used to support the City's programs.

#### Investment in Joint Venture

Investment in joint venture consists of the City's interest in the Joint Antelope Valley Authority (see Note 19), a joint administrative entity carried on the equity method of accounting.

#### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, drainage systems, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalization value of the assets constructed.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10 - 50
Improvements	5 - 40
Infrastructure	20 - 100
Equipment	2 - 20
Utility Plant	30 - 40

The exception to this rule is library media, which is depreciated using a composite depreciation method.

#### Compensated Absences

City employees generally earn vacation days at a variable rate based on years of service. In the event of termination, an employee is reimbursed for accumulated vacation time up to a maximum allowed accumulation which is in no case longer than 35 days.

Employees earn sick leave at the rate of one day per month with total accumulation limits established by the employees' bargaining unit. Upon retirement, an employee is reimbursed for one-fourth or one-half of accumulated sick leave, with maximums depending on the employees' bargaining unit contract. In some cases payment may be placed directly in a medical spending account rather than reimbursing the employee directly. Police union employees who leave the City's service in good standing after giving two weeks notice of termination of employment are compensated for one-fourth of accumulated sick leave to the date of separation. LES is covered by a separate personnel plan regarding vacation and sick leave with the liability for these benefits recorded in accrued liabilities.

Vacation leave and other compensated absences with similar characteristics are accrued as the benefits are earned if the leave is attributable to past service and it is probable that the City will compensate the employees for such benefits. Sick leave and other compensated absences with similar characteristics are accrued as the benefits are earned only to the extent it is probable that the City will compensate the employees for such benefits through cash payments conditioned on the employee's termination or retirement. Such accruals are based on current salary rates and include salary-related payments directly and incrementally associated with payments made for compensated absences on termination.

All vacation and sick leave is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. In the governmental funds, only compensated absences that have matured as of year end, for example, as a result of employee resignations and retirements, are recorded as a fund liability.

#### **Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt using the bonds-outstanding method.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

#### Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for specific purposes. Designations of unrestricted fund balance represent tentative management plans that are subject to change.

The City has established a policy providing for an unreserved fund balance in the City's General Fund. To meet excess cash flow needs, no less than twenty percent of the ensuing year's General Fund budget is to be set aside as an unrestricted reserve. Currently \$22,480,670 of the General Fund's unreserved fund balance of \$29,467,581 meets the requirements of this policy, leaving an additional unreserved balance of \$6,986,911.

#### Net Assets Classification

Net assets are required to be classified into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt – This component of net assets consists of capital assets, net of accumulated depreciation, and unamortized bond issuance costs reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt.

Restricted – This component of net assets consists of restrictions placed on net assets use through external constraints imposed by creditors (such as debt covenants), contributors, or law or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted* – This component consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

#### **BUDGETARY DATA**

The City Council follows these procedures, set out in the City Charter, in establishing the budgetary data reflected in the financial statements:

- At least 40 days prior to the end of the budget and fiscal year, the Mayor submits to the City Council a proposed annual budget for the ensuing year. The annual budget is a complete financial plan for the ensuing budget year and consists of an operating budget and a capital budget.
- 2) Public hearing on the proposed budget is scheduled for not later than 10 days prior to the budget adoption date.
- 3) Not later than 5 days prior to the end of the fiscal year, the budget is legally adopted by resolution of the City Council.
- 4) The Mayor is authorized to transfer unencumbered balances between appropriations of the same department or agency. The Mayor also has authority to lower appropriations in any fund where actual revenues are less than appropriated in order to avoid incurring a budget deficit for the year.
  - Appropriation transfers between departments or agencies may only be authorized by resolution of the City Council. The Council may not make any appropriations in addition to those authorized in the annual budget, except that it may authorize emergency appropriations in the event of an emergency threatening serious loss of life, health, or property in the community.
- 5) Budgets for all funds are adopted on a basis inconsistent with generally accepted accounting principles (GAAP). Since encumbrances are included in the City's budget accounting, year-end encumbrances are reappropriated to the next year in the budget process. Various funds have expenditures automatically appropriated through the budget resolution, based on funds available. These expenditures are reflected in the original and final budgets at amounts equal to the actual expenditures. Budget basis expenditures are presented on a cash basis.

Amendments to the adopted budget were made this year and resulted from prior fiscal year encumbrances identified subsequent to budget adoption, appropriation of unanticipated revenues to certain funds as provided in the budget resolution, and appropriation revisions between or among departments as provided for under the City Charter.

Notes to the Financial Statements August 31, 2005

- 6) Appropriation controls are required at the departmental level. However, as a matter of policy and practice, appropriations generally are controlled at the next level of organization (division) or by fund within a department.
- 7) Operating appropriations lapse at the end of the fiscal year except for capital improvement appropriations and year-end encumbrances against operating budgets. Capital improvement appropriations are continuing appropriations through completion of the project.
- 8) Budgets are adopted by resolution for the following fund types: general, special revenue, debt service, capital projects, permanent, enterprise, internal service, and pension trust. Legally adopted annual budgets are not established for certain special revenue (Advance Acquisition, Tax Sales Revolving, Police & Fire Pension Contributions, Special Assessment, Property Tax Refunds, Impact Fees, Parks & Recreation Special Projects, and Commission on Aging Gift Trust), debt service (Special Assessment), permanent (J.J. Hompes), and agency funds. In addition, capital project funds are budgeted on a project rather than an annual basis.

#### PRIOR-YEAR SUMMARIZED FINANCIAL INFORMATION

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's basic financial statements as of and for the year ended August 31, 2004, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

#### **ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ materially from those estimates.

## (2) <u>RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS</u>

## EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS

The governmental funds balance sheet includes a reconciliation between *fund balance* – *total governmental funds* and *net assets of governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds." The details of the \$136,232,407 difference are as follows:

Bonds Payable	\$	114,228,349
Less deferred charge for issuance costs		(950,813)
Less issuance discounts		(24,870)
Plus issuance premiums		2,295,506
Capital Leases Payable		9,195,871
Accrued Interest Payable		1,141,697
Net Pension Obligation		2,491,580
Compensated Absences	_	7,855,087
Net difference	\$	136,232,407

# EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total governmental funds* and *change in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$30,487,785 difference are as follows:

Capital outlay	\$	48,374,442
Depreciation expense	_	(17,886,657)
Net difference	\$	30,487,785

Another element of that reconciliation states that "The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$(6,242,635) difference are as follows:

#### Debt issued or incurred:

Issuance of general obligation storm sewer		
refunding and construction bonds	\$	(16,505,000)
Issuance of tax allocation bonds		(365,035)
Issuance of certificates of participation		(1,785,000)
Deferred charge for issuance costs		259,315
Issuance discounts		16,057
Issuance premiums		(42,635)
Amortization of deferred items		(6,680)
Principal repayments	_	12,186,343
Net difference	\$_	(6,242,635)
	_	

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this \$(732,130) difference are as follows:

Loss on disposal of capital assets	\$ (304,852)
Accrued interest	263,750
Compensated absences	 (691,028)
Net difference	\$ (732,130)

#### (3) <u>RECONCILIATION OF BUDGET BASIS TO GAAP</u>

Amounts presented on a non-GAAP budget basis of accounting differ from those presented in accordance with GAAP due to the treatment afforded accruals, encumbrances, and funds for which legally adopted annual budgets are not established. A reconciliation for the year ended August 31, 2005, which discloses the nature and amount of the adjustments necessary to convert the actual GAAP data to the budgetary basis, is presented below:

		Street	Federal
	General	Construction	Grants
	<u>Fund</u>	Fund	<u>Fund</u>
Net Change in Fund Balances:			
Balance on a GAAP basis	\$(4,570,145)	(9,931,562)	(1,792,776)
Basis differences (accruals) occur because the cash			
basis of accounting used for budgeting differs from			
the modified accrual basis of accounting prescribed			
for governmental funds.	51,173	(859,586)	(1,053,541)
Entity differences occur when the budget excludes			
programs or entities that fall within the financial			
reporting entity as defined by GAAP.		<u>26,570,773</u>	<u> </u>
Balance on a budget basis	\$ <u>(4,518,972)</u>	15,779,625	(2,846,317)

#### (4) <u>DEPOSITS AND INVESTMENTS</u>

In 2005, the City adopted the provisions of GASB Statement 40, *Deposit and Investment Risk Disclosures*. This new standard revised the existing requirements regarding disclosure of custodial credit risk and establishes requirements for disclosures regarding credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. Adoption of GASB 40 had no effect on net assets and change in net assets in the prior or current year.

#### **DEPOSITS**

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The City's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State Statutes 15-846 and 15-847 R.R.S., 1943 require banks either to give bond or to pledge government securities (types of which are specifically identified in the Statutes) to the City Treasurer in the amount of the City's deposits. The Statutes allow pledged securities to be reduced by the amount of the deposit insured by the Federal Deposit Insurance Corporation (FDIC).

At August 31, 2005, the City's cash deposits or certificates of deposit, in excess of the \$100,000 FDIC limits, are covered by collateral held in a Federal Reserve pledge account or by an agent for the City and thus no custodial risk exists.

#### **INVESTMENTS**

For an investment, *custodial credit risk* is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment securities that are in the possession of an outside party. None of the underlying securities for the City's investments at August 31, 2005 are subject to custodial credit risk, as they are held in an account in the City's name, and by an agent who is not the counterparty to the investment transactions.

At August 31, 2005, the City had the following investments, maturities and credit ratings:

			August 31, 2005			
		N	Maturities in Years			Credit Rating
Type	Carrying Value	Less than 1	1-5	6-10	More than 10	Moody / S&P
General City:						
U.S. Treasury Obligations	\$ 11,106,560	364,191	7,482,323	3,260,046	-	N/A
U.S. Sponsored Agency Obligations	194,975,311	66,416,366	124,702,932	3,856,013	-	Aaa / AAA
Collateralized Repurchase Agreements	3,000,000	3,000,000	-	-	-	N/A
Collateralized Investment Agreements	4,930,000	-	-	-	4,930,000	Aaa / AAA
Collateralized Investment Agreements	1,120,000		-	-	1,120,000	Aaa / A
Money Market Mutual Funds - U.S. Treasury	216,512	216,512	-	-	-	N/A
Money Market Mutual Funds - U.S. Agencies	65,259,692 8.052,497	65,259,692	-	-	-	Aaa / AAA Not Rated
Money Market Mutual Funds Corporate Bonds	76,673	8,052,497 25,059	20,820	30,794	-	Aa / AA
Corporate Bonds	16,011	25,059	20,620	16,011		A / A
External Investment Funds	3,865,000	3,865,000	_	-	_	Not Rated
Tax Increment Financing Investments	533,349		133,849	34,465	365,035	Not Rated
Total General City	293,151,605	80,418,760	154,669	81,270	6,415,035	
Community Health Endowment:						
·	2,461,080	339,507	1,001,766	528,731	591,076	27/4
U.S. Treasury Obligations U.S. Sponsored Agency Obligations	438,588	339,307	438,588	520,751	391,070	N/A Aaa / AAA
Pooled Funds Invested in U.S. Agency Obligations	4,009,983	79,542	2,642,265	1,288,176	_	Not rated
Money Market Mutual Funds - U.S. Treasury	436,597	436,597	, ,	, ,		N/A
Money Market Mutual Funds	2,590,809	2,590,809	-	-	-	Not rated
Asset-backed Securities	1,623,715	956,848	611,722	55,145	-	Aaa / AAA
Asset-backed Securities	39,511	39,511	-	-	-	Aa / AA
Asset-backed Securities	72,970	-		72,970	-	Baa / BBB
Mortgage-backed Securities	2,395,113	326,044	1,591,979	477,090	-	Aaa / AAA
Mortgage-backed Securities	212,351	99.016	99,315	63,545	49,491	Not rated
Corporate Bonds	659,103 1,954,143	88,016 479,570	379,077 412,844	143,445 834,062	48,565 227,667	Aa / AA
Corporate Bonds	151,755	479,570	105,340	46,415	227,007	A/A
Corporate Bonds Corporate Bonds	458,329	_	54,817	230,548	172,964	A / BBB Baa / A
Corporate Bonds	2,088,466	124,855	345,319	1,343,087	275,205	Baa / BBB
Foreign Obligations	33,216	-	33,216	-	-	Aa / A
Foreign Obligations	56,320	-	39,828	16,492	-	A/A
Foreign Obligations	164,000	-	-	164,000	-	Baa / BBB
Mutual Funds – Fixed Income	25,325,823	25,325,823	-	-	-	Not rated
Securities Lending Collateral	3,674,279	3,674,279		-		Not rated
Total Community Health Endowment:	48,846,151	34,461,401	7,756,076	5,263,706	1,364,968	
Police & Fire Pension Trust:						
U.S. Sponsored Agency Obligations	5,927,900			3,954,400	1,973,500	Aaa / AAA
Corporate Bonds	975,000		-	975,000	1,973,300	Aa/AA Aa/AA
Corporate Bonds	3,920,000	-	1,922,500	975,000	1,997,500	A/A
Mortgage-backed Securities	2,002,500	_	1,006,250	996,250	-	Not Rated
Money Market Mutual Funds	72,107	72,107	-	_	-	Not Rated
Tax Exempt Bonds	1,075,000	-	1,075,000	-	-	Not Rated
Mutual Funds - Fixed Income	24,496,629	24,496,629	-	-	-	Not Rated
Private Placement Debt Obligations	2,000,000		2,000,000			Not Rated
	40,469,136	24,568,736	6,003,750	5,925,650	3,971,000	
Mutual Funds	99,492,547					
Real Estate Limited Partnerships	22,074,501					
Total Police & Fire Pension Trust	162,036,184					
Total Primary Government	\$ 504,033,940					

#### **INVESTMENT POLICIES**

#### General City Policy

Generally, the City's investing activities are managed under the custody of the City Treasurer. Investing is performed in accordance with the investment policy adopted by the City Council complying with state statutes and the City Charter. The City may legally invest in U.S. government securities and agencies, U.S. government sponsored agencies, and in bank repurchase agreements. It may also invest to a limited extent in corporate bonds, bankers' acceptances, and investment agreements.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits current operating funds to be invested with maturities of not longer than twenty-four months. Fixed income investments held in construction funds, operating funds, and other nonoperating funds are limited to ten year maturities. Investment agreements are not subject to interest rate risk, as the interest rate is guaranteed by the issuer. Money market mutual funds and external investment funds are presented as investments with a maturity of less than one year because they are redeemable in full immediately. Tax Increment Financing investments are allowed to exceed 10 years as the interest rates are guaranteed by the fund and the investment is made within the City's funds.

*Credit Risk*. Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy establishes requirements for certain investment securities to be rated at certain rates or higher. The following investment types must be rated at the minimum rates noted below:

Money Markets	Aa / AA
Corporate Notes	Aa3 / AA-
Investment Agreements	Aa3 / AA-

The \$8,052,497 non-rated money market funds are held in the LES and J.J. Hompes funds. The money market funds are comprised of highly rated securities. The external investment funds are held in the City's idle fund pool and is comprised of Nebraska Public Agency Investment Trust (NPAIT) and Short-Term Federal Investment Trust (STFIT). NPAIT and STFIT invest in only the highest quality securities, including U.S. government, rated U.S. sponsored agencies, and guaranteed student loans.

Concentration of Credit Risk. The City's investment policy places various limits on the amount that may be invested in any one issuer. Per the policy, allocation limits do not apply to the investment of proceeds from issuance of debt. These investments shall be governed by the debt covenant included in the debt instrument. Non-compliance due to a decrease in investment balance does not require corrective action.

Type	Portfolio Composition	Policy Limits on Issuer
U.S. agency obligations:		
Federal Home Loan Bank	42.58 %	40.00 %
Federal Home Loan Mortgage Corporation	5.62	40.00
Federal National Mortgage Association	8.85	40.00

#### Community Health Endowment (CHE) Policy

CHE may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury, U.S. agencies, instrumentalities and in bank repurchase agreements. It may also invest to a limited extent in corporate bonds, bankers' acceptance, mutual funds, and investment agreements.

Notes to the Financial Statements August 31, 2005

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, CHE's investment policy limits all bond investments to a maximum maturity of 30 years. Mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. It is CHE's policy to limit its investments in U.S. treasury and U.S. agency obligations to issues with at Baa / BBB ratings. Short-term fixed income issues should have a minimum A-1 / P-1 rating. Investments in corporate debt, bank loan portfolios, and associated high yield fixed income mutual funds must have a minimum average credit rating of B-.

Concentration of Credit Risk. CHE limits the percentage of cost that may be invested in any one industry, company and issuer by an investment manager. The limits vary depending on the type of investment. Investments by an investment manager in any one company are limited to 5% of portfolio cost. Except for U.S. treasury and U.S. agency obligations, investments in any one issuer are also limited to 5% of portfolio cost. Industry limits are 15% or 35% of portfolio cost depending on the investment type. Investments in Distressed/Mezzanine corporate debt or related mutual funds should have a minimum diversification of at least twenty different company investments. At August 31, 2005, CHE's investment in Federal National Mortgage Association constituted 6% of its total investments.

Foreign Currency Risk. This risk related to adverse affects on the fair value of an investment from changes in exchange rates. CHE's investment policy states investments in developed country and corporate foreign debt may not exceed 25% of total investment portfolio. CHE had no investment denominated in foreign currency at August 31, 2005.

#### Police & Fire Pension Trust Policy

The Police & Fire Pension Trust Investment Board, established by the City Council in accordance with the Lincoln Municipal Code chapter 4.62, directs and oversees the trust's investments for the sole benefit of plan participants and beneficiaries. The board also provides oversight and directions to the plan administrator with regard to the investments of the trust's funds. The daily management responsibility of the trust and routine investment transactions are delegated to the plan administrator.

The Police & Fire Pension Trust is allowed to invest in domestic and international equity funds, domestic and foreign bonds, real estate, and other alternative investments.

Interest Rate Risk. The Investment Board for the Police & Fire Pension Trust compares the risk and return characteristics derived from the actual performance of the Fund, separate asset classes and specific securities to appropriate benchmarks, financial indices and/or funds at least annually. Asset allocation, investments, and/or investment managers are adjusted as necessary by this monitoring

*Credit Risk*. The policy states that the plan will select appropriate investments, or investment manager(s), to fill each asset class allocation. The individual investment, or investment managers, chosen shall be those determined to meet the board's objectives in terms of their overall combination of risk, return, and liquidity.

Concentration of Credit Risk. It is the desire of the board that no more than 5% of assets may be from a single corporate or sovereign issuer exclusive of the U.S. government. The board reviews assets to monitor the concentration of overlapping securities held by multiple mutual funds.

#### Summary of Deposit and Investment Balances

Following is a reconciliation of the City's deposit and investment balances as of August 31, 2005:

	. –	Totals		
Investments	\$	504,033,940		
Deposits and Cash on Hand		47,531,404		
•	\$ =	551,565,344		
	C	Government-wide	Fiduciary Funds	
		Statement of	Statement of	
	_	Net Assets	Net Assets	Totals
Cash and Cash Equivalents	\$	63,777,456	6,392,046	70,169,502
Investments		154,426,972	163,839,676	318,266,648
Invested Securities Lending		3,674,279	<u>-</u>	3,674,279
Restricted Assets:		, ,		, ,
Cash and Cash Equivalents		835,586	-	835,586
Investments	_	158,619,329		158,619,329
	\$	381,333,622	170,231,722	551,565,344

#### Securities Lending Transactions

The policies of the Community Health Endowment Board of Trustees authorize the CHE fund to participate in securities lending transactions, where securities are loaned to brokers and broker dealers with a simultaneous agreement to return the collateral for the same securities in the future. The custodial bank administers the securities lending program and receives cash at least equal in value to the fair value of the loaned securities as collateral for securities of the type on loan at year-end. Securities lent at year-end for cash collateral are presented as unclassified in the preceding schedule of custodial risk. At year-end, CHE has no credit risk exposure to borrowers because the amounts CHE owes the borrowers exceed the amounts the borrowers owe CHE. The cash cannot be spent by CHE unless the borrower defaults. There are no restrictions on the amount of securities that can be loaned, and there were no losses resulting from borrower default during the year.

Either CHE or the borrowers can terminate all securities loans on demand. Cash collateral is invested in one of the lending agent's short-term investment pools that had an average duration of 63 days. Because loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. Loss indemnification is provided to the Fund by the contract with the custodian.

#### (5) <u>RECEIVABLES</u>

Receivables at August 31, 2005, consist of the following (in thousands):

					Special Assessment		Accrued	Gross	Allowance For	
Fund		Taxes	Accounts	Contributions	Current	Deferred	Interest	Receivables	Uncollectibles	Net
General	\$	3,304	1,174	-	-	-	99	4,577	-	4,577
Street Construction		-	120	-	-	-	173	293	-	293
Federal Grants		-	12	-	-	-	2	14	-	14
Community Health										
Endowment		-	-	-	-	-	142	142	-	142
Wastewater System		-	3,566	-	-	-	270	3,836	-	3,836
Water System		-	6,463	-	-	-	340	6,803	-	6,803
Electric System		-	17,072	-	-	-	592	17,664	-	17,664
Nonmajor -										
Special Revenue		1,505	527	-	-	-	155	2,187	-	2,187
Debt Service		1,077	-	-	407	2,223	148	3,855	197	3,658
Capital Projects		-	-	-	_	-	175	175	-	175
Enterprise		-	2,890	-	_	-	99	2,989	739	2,250
Internal Service		-	297	-	-	-	106	403	-	403
Fiduciary			56	327			618	1,001		1,001
	\$	5,886	32,177	327	407	2,223	2,919	43,939	936	43,003

Enterprise funds customer accounts receivable include unbilled charges for services.

Delinquent special assessment receivables at August 31, 2005, were \$213,369.

No other receivables are expected to be uncollected within one year.

### (6) <u>DUE FROM OTHER GOVERNMENTS</u>

The total of Due From Other Governments of \$35,045,066 includes the following significant items:

Fund/Fund_Type	Amount	Service
General/General	\$ 9,013,831	State of Nebraska, July/August Sales and Use Tax
	427,941	August Motor Vehicle Taxes Collected by Lancaster County
	104,822	Federal Government, Cost Reimbursements
	91,454	Lancaster County, Cost Reimbursements
Street Construction/Special Revenue	2,753,806	State of Nebraska, July/August Highway User Fees
	2,178,200	State of Nebraska, Cost Reimbursements
	13,827,608	Federal Government, Cost Reimbursements
	25,000	Lancaster County, Cost Reimbursements
Federal Grants/Special Revenue	4,334,611	Federal Government, Cost Reimbursements
Lincoln Area Agency on Aging/Special Revenue	68,314	Federal Government, Cost Reimbursements
Lincoln/Lancaster Co. Health/Special Revenue	383,755	Lancaster County, Cost Reimbursements
Snow Removal/Special Revenue	101,785	August Motor Vehicle Taxes Collected by Lancaster County
Antelope Valley/Tax Supported Bonds/Debt Service	166,167	State of Nebraska, July/August Development Fund Disbursements
Storm Sewer Construction/Capital Projects	79,561	Federal Government, Cost Reimbursements
Vehicle Tax/Capital Projects	794,296	August Motor Vehicle Taxes Collected by Lancaster County
Storm Sewer Bonds/Capital Projects	222,330	Federal Government, Cost Reimbursements
Information Services/Internal Service	213,650	Lancaster County Billings
Engineering Revolving/Internal Service	205,593	State of Nebraska, Cost Reimbursements
Subtotal	34,992,724	
All other	52,342	
Total Due From Other Governments	<u>\$ 35,045,066</u>	

## (7) <u>CAPITAL ASSETS</u>

Capital asset activity for the year ended August 31, 2005, was as follows:

		Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:	_	Balances	Increases	Decreases	Datatices
Capital Assets, not being Depreciated:					
Land	\$	44,757,798	5,380,191	_	50,137,989
Construction in Progress	Ψ	85,135,927	34,995,577	23,928,032	96,203,472
Total Capital Assets, not being Depreciated	_	129,893,725	40,375,768	23,928,032	146,341,461
	_				
Capital Assets, being Depreciated:					
Buildings		66,875,268	853,430	202,865	67,525,833
Improvements Other Than Buildings		48,686,568	2,854,708	58,259	51,483,017
Machinery and Equipment		65,515,482	6,182,543	6,848,661	64,849,364
Infrastructure	_	302,390,848	53,836,644	134,688	356,092,804
Total Capital Assets, being Depreciated	_	483,468,166	63,727,325	7,244,473	539,951,018
Less Accumulated Depreciation for:		22 4 5 4 0 5 0	4 (50 500	102 125	22 722 044
Buildings		22,161,969	1,673,532	103,435	23,732,066
Improvements Other Than Buildings		17,336,270	1,518,161	48,983	18,805,448
Machinery and Equipment		34,577,690	5,785,651	6,604,929	33,758,412
Infrastructure	_	100,605,762	11,053,650	18,303	111,641,109
Total Accumulated Depreciation	_	174,681,691	20,030,994	6,775,650	187,937,035
Total Capital Assets, being Depreciated, Net	_	308,786,475	43,696,331	468,823	352,013,983
Governmental Activities Capital Assets, Net	\$	438,680,200	84,072,099	24,396,855	498,355,444
Governmental Field Vides Capital Fissels, 13et	Ψ=	150,000,200	01,072,099	21,370,033	170,333,111
		Beginning			Ending
		Balances	Increases	Decreases	Balances
Business-type Activities:	_				
Capital Assets, not being Depreciated:					
Land	\$	14,652,983	497,875	380	15,150,478
Construction in Progress	_	139,089,872	114,957,964	134,392,335	119,655,501
Total Capital Assets, not being Depreciated	_	153,742,855	115,455,839	134,392,715	134,805,979
Capital Assets, being Depreciated:					
Buildings		194,208,397	7,044,168	6,322,734	194,929,831
Improvements Other Than Buildings		349,990,820	42,875,186	2,987,167	389,878,839
Machinery and Equipment		25,948,515	1,137,986	4,934,062	22,152,439
Utility Plant	_	768,971,000	92,129,000	22,277,000	838,823,000
Total Capital Assets, being Depreciated	_	1,339,118,732	143,186,340	36,520,963	1,445,784,109
Less Accumulated Depreciation for:					
Buildings		57,298,161	4,269,101	6,322,734	55,244,528
Improvements Other Than Buildings		94,426,334	8,332,639	2,987,166	99,771,807
Machinery and Equipment		15,224,299	1,873,686	4,901,595	12,196,390
Utility Plant		267,503,000	26,632,000	7,989,000	286,146,000
Total Accumulated Depreciation	_	434,451,794	41,107,426	22,200,495	453,358,725
Total Accumulated Depreciation	_	737,731,734	71,107,720	22,200,733	733,330,123
Total Capital Assets, being Depreciated, Net	_	904,666,938	102,078,914	14,320,468	992,425,384
Business-type Activities Capital Assets, Net	\$ _	1,058,409,793	217,534,753	148,713,183	1,127,231,363

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:		
General Government	\$	899,996
Public Safety		1,548,559
Streets and Highways, including Infrastructure		10,667,900
Culture and Recreation		3,297,366
Economic Opportunity		60,626
Health and Welfare		146,314
Mass Transit		1,265,896
Internal Service Funds Capital Assets		
Depreciation is charged to the various		
functions based on usage of the assets.	_	2,144,337
Total Depreciation Expense - Governmental	\$	20,030,994
	•	
Business-type Activities:		
Parking Lots	\$	28,688
Golf		614,187
Parking Facilities		1,044,310
Pershing Municipal Auditorium		147,327
Sanitary Landfill		1,514,733
Emergency Medical Services		159,079
Wastewater System		4,946,618
Water System		6,020,484
Lincoln Electric System		26,632,000
Total Depreciation Expense - Business-type	\$.	41,107,426

Capital asset activity of each major enterprise fund was as follows:

		Beginning Balances	Increases	Decreases	Ending Balances
Lincoln Wastewater System:	_				
Capital Assets, not being Depreciated:					
Land	\$	2,280,164	497,860	-	2,778,024
Construction in Progress		32,311,329	34,642,375	36,814,344	30,139,360
Total Capital Assets, not being Depreciated		34,591,493	35,140,235	36,814,344	32,917,384
Capital Assets, being Depreciated:					
Buildings		49,837,322	6,549,868	2,143,459	54,243,731
Improvements Other Than Buildings		129,204,882	33,683,233	1,027,644	161,860,471
Machinery and Equipment		9,258,658	579,952	3,024,661	6,813,949
Total Capital Assets, being Depreciated		188,300,862	40,813,053	6,195,764	222,918,151
Less Accumulated Depreciation for:					
Buildings		18,021,360	1,329,587	2,143,459	17,207,488
Improvements Other Than Buildings		39,057,037	3,130,991	1,027,644	41,160,384
Machinery and Equipment		5,259,476	486,040	3,024,661	2,720,855
Total Accumulated Depreciation		62,337,873	4,946,618	6,195,764	61,088,727
Total Capital Assets, being Depreciated, Net	_	125,962,989	35,866,435		161,829,424
Wastewater System Capital Assets, Net	\$	160,554,482	71,006,670	36,814,344	194,746,808

August 31, 2005

		Beginning Balances	Increases	Decreases	Ending Balances
Lincoln Water System:					
Capital Assets, not being Depreciated:					
Land	\$	4,712,695	15	380	4,712,330
Construction in Progress		1,994,124	8,589,253	3,114,371	7,469,006
Total Capital Assets, not being Depreciated		6,706,819	8,589,268	3,114,751	12,181,336
Capital Assets, being Depreciated:		0.5.0.0.0.0	100 == 6		04 66 0 0 0
Buildings		95,362,620	483,726	4,179,275	91,667,071
Improvements Other Than Buildings		196,964,100	7,079,741	1,958,523	202,085,318
Machinery and Equipment	_	7,124,745	278,907	1,771,189	5,632,463
Total Capital Assets, being Depreciated	_	299,451,465	7,842,374	7,908,987	299,384,852
Less Accumulated Depreciation for:					
Buildings		23,619,607	1,790,195	4,179,275	21,230,527
Improvements Other Than Buildings		46,153,441	3,820,386	1,958,523	48,015,304
Machinery and Equipment		5,021,593	409,903	1,760,452	3,671,044
Total Accumulated Depreciation	_	74,794,641	6,020,484	7,898,250	72,916,875
	_	,,			. =,,
Total Capital Assets, being Depreciated, Net		224,656,824	1,821,890	10,737	226,467,977
Water System Capital Assets, Net	\$_	231,363,643	10,411,158	3,125,488	238,649,313
		Beginning			Ending
	_	Balances	Increases	Decreases	Balances
Lincoln Electric System:					
Capital Assets, not being Depreciated:	¢	102,833,000	71,255,000	92,359,000	91 720 000
Construction in Progress	\$ <u>_</u>	102,833,000	/1,233,000	92,339,000	81,729,000
Capital Assets, being Depreciated:					
Utility Plant		768,971,000	92,129,000	22,277,000	838,823,000
Less Accumulated Depreciation		267,503,000	26,632,000	7,989,000	286,146,000
Total Capital Assets, being Depreciated, Net	_	501,468,000	65,497,000	14,288,000	552,677,000
Electric System Capital Assets, Net	\$ =	604,301,000	136,752,000	106,647,000	634,406,000

During 2005, Lincoln Wastewater System incurred \$2,376,839 of interest cost, of which \$1,370,562 was capitalized into construction in progress. Lincoln Water System incurred \$3,402,912 of interest cost, of which \$385,444 was capitalized into construction in progress. Capitalized interest is added to the cost of the underlying assets and is amortized over the useful lives of the assets.

Lincoln Electric System utility plant includes an allowance for funds used during construction of projects costing in excess of \$2 million. The allowance for funds used during construction consists of the plant balance times the weighted-average interest rate on debt based on FERC accounting method. The weighted-average rate for 2004 was 4.9%.

#### (8) **PROPERTY TAXES**

The Home Rule Charter of the City imposes a tax ceiling for general revenue purposes. The City tax ceiling was established by using the September 1, 1966, City dollar tax limit as an initial tax limit, and increasing that tax limit each year following 1966 by 7% so that in each fiscal year thereafter the amount of the City tax limit shall be the amount of the City tax limit for the previous year plus 7% thereof. In addition, the City has the power to levy taxes each year sufficient to pay any judgment existing against the City, the interest on bonded debt, and the principal on bonded debt maturing during the fiscal year or within 6 months thereafter, as well as taxes authorized by state law. The 2004 tax levy, for the 2004-2005 fiscal year, was \$56,077,695 below the legal limit, with a tax rate per \$100 valuation of \$0.29498. The assessed value upon which the 2004 levy was based was \$13,138,516,226.

The tax levies for all political subdivisions in Lancaster County are certified by the County Board on or before October 15th. Real estate taxes are due on December 31st and attach as an enforceable lien on property on January 1st following the levy date and become delinquent in two equal installments on April 1st and August 1st. Personal property taxes are due December 31st and become delinquent on April 1st and August 1st following the levy date. Delinquent taxes bear 14% interest.

Property taxes levied for 2004-2005 are recorded as revenue when expected to be collected within 60 days after August 31, 2005. Prior-year levies were recorded using these same principles, and remaining receivables are re-evaluated annually. Property taxes expected to be collected after 60 days are recorded as deferred revenue on the fund balance sheets.

The City-owned electric utility is required by City Charter to make payments in lieu of taxes, aggregating 5% of its gross retail operating revenues derived from within the city limits of incorporated cities and towns served.

#### (9) <u>LONG-TERM\_DEBT</u>

The City issues general obligation, special assessment, and revenue bonds to finance the acquisition and construction of major capital assets. Bonded indebtedness has also been entered into to advance refund several general obligation and revenue bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Special assessment bonds are repaid from amounts levied against affected property owners, but in the unlikely event collections are not sufficient to make debt payments, the responsibility rests with the City to meet that obligation. For revenue bonds the government pledges income derived from the acquired or constructed assets to pay the debt service.

Net assets of \$6,633,214, \$3,204,933, and \$5,580,997, are currently available in the debt service funds to service the General Obligation Bonds, Tax Supported Bonds, and Tax Allocation Bonds, respectively. Revenue Bonds are funded partially from reserve accounts set up for debt repayment and partially from proceeds of daily operations.

The City has entered into lease agreements for financing the acquisition of land, buildings, emergency ambulances and defibrillators, fire engines, golf equipment, and computer equipment and software. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Assets acquired through capital leases are as follows:

	<u>-</u>	Governmental Activities	· -	Business-Type Activities
Land	\$	42,000	\$	210,000
Buildings		6,350,750		-
Machinery and Equipment		795,171		2,736,012
Less Accumulated Depreciation,				
(where applicable)		(787,357)	_	(1,158,741)
Total	\$	6,400,564	\$	1,787,271

Under the City's Home Rule Charter, there is no legal debt limit. The various bond indentures contain significant limitations and restrictions on annual debt service requirements, minimum amounts to be maintained in various bond reserve funds, and minimum revenue bond coverages.

In 2005, the City issued \$6,555,000 in general obligation refunding bonds with interest rates ranging from 2.5% to 4.375% to refund \$6,390,000 in outstanding Storm Sewer and Drainage Bonds, Series 1997. The refunding resulted in an cash flow differential of \$418,000, and an economic gain of \$331,000.

In prior years, the City defeased certain bonds by placing the proceeds of the refunding bonds in irrevocable trusts to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On August 31, 2005, the following bonds outstanding are considered defeased:

08/15/80	Lincoln Wastewater Revenue Bonds	\$	5,000
08/15/97	General Obligation Storm Sewer and Drainage	6,	390,000

Established by City Ordinance, LES may borrow up to \$125 million under a commercial paper note program. At December 31, 2004, LES had \$90.2 million of tax-exempt commercial paper notes outstanding. The notes mature at various dates but not more than 270 days after the date of issuance. The weighted-average interest rate for the year ended December 31, 2004, was 1.8 percent. The annual requirement to pay interest on this outstanding debt is approximately \$1.6 million. The outstanding commercial paper notes are secured by a revolving credit agreement which provides for borrowings up to \$125 million. LES pays a commitment fee for the credit agreement. Under the terms of the agreement LES refinances the commercial paper upon maturity.

Long-term bonded debt of the City is comprised of the following individual issues (in thousands of dollars):

Original			Interest		Date	Interest		
Amount	t Issued Issue		Rate	When Due	Callable	Date	_(	Outstanding
General O	bligation Bon	ds:						
General B	onds:							
14,435	03/01/99	Various Purpose Series A	3.000 - 4.600	Ser. '00 to '14	2009	Semiannually	\$	9,685
7,365	03/01/99	Various Purpose Series A	4.750	Term '15 to '19	2009	"		7,365
8,220	03/01/99	Various Purpose Series B	3.000 - 4.250	Ser. '99 to '11	2007	"		3,830
7,500	05/29/02	Storm Sewer and Drainage	3.000 - 5.000	Ser. '04 to '22	2010	"		7,235
15,595	06/24/03	Various Purpose	2.625 - 3.750	Ser. '04 to '17	2013	"		12,585
3,710	06/24/03	Various Purpose	4.000 - 4.125	Term '18 to '23	2013	"		3,710
35,000	03/03/04	Highway Allocation Fund	2.000 - 5.000	Term '07 to '23	2014	"		35,000
6,555	05/01/05	Storm Sewer Refunding	2.500 - 4.375	Ser. '05 to '17	2011	"		6,555
9,950	05/25/05	Storm Sewer Construction	3.250 - 4.250	Ser. '06 to '25	2015	"		9,950
	Total Genera	al Bonds					\$	95,915
Tax Alloca	tion Bonds:							
1,310	11/15/92	Tax Allocation Bonds	3.250 - 6.200	Ser. '93 to '06	1997	Semiannually	\$	115
105	11/15/92	Tax Allocation Bonds	6.350	Term '93 to '06	1997	"		25
90	11/15/92	Tax Allocation Bonds	6.300	Term '93 to '05	1997	"		15
232	04/21/00	Tax Allocation Bonds	6.390	Ser. '00 to '10	2000	"		134
42	06/01/03	Tax Allocation Bonds	4.060	Ser. '04 to '11	Anytime	"		34
1,035	04/06/04	Tax Allocation Bonds	2.000 - 3.200	Ser. '04 to '11	2008	"		910
5,500	04/07/04	Tax Allocation Bonds	3.000 - 4.800	Ser. '04 to '15	2010	"		5,255
365	08/15/05	Tax Allocation Bonds	4.750	Ser. '06 to '18	Anytime	"		365
		llocation Bonds			,		\$	6,853
		al And Tax Allocation Bonds					\$	102,768
Municipal	Infrastructui	re Redevelopment Bonds:						
3,200	06/13/00	Municipal Infrastructure Redevelopment	4.750 - 5.100	Ser. '01 to '09	2005	Semiannually	\$	1,770
	TOTAL GE	NERAL OBLIGATION BONDS					\$	104,538
	TOTAL GL	VERTE OBEIGITION BONDS					Ψ	101,550
Tax-Suppo	orted Revenue	e Bonds:						
11,080	2/27/02	Antelope Valley Project	1.500 - 5.000	Ser. '02 to '16	2012	Semiannually	\$	9,690
Revenue B	onds:							
		W D	2,000 5,000	6 104 / 122	2012	6 : 11	4	10.515
15,765	07/31/03	Wastewater Revenue	2.000 - 5.000	Ser. '04 to '23	2013	Semiannually	\$	12,515
39,235	07/31/03	Wastewater Revenue	4.625 - 5.000	Term '24 to '28	2013			39,235
18,000	08/03/05	Wastewater Revenue	4.000 - 5.000	Ser. '06 to '30	2015		φ.	18,000
	Total Waster	water Bonds					\$	69,750
11,850	11/22/02	Water Revenue	2.750 - 5.000	Ser. '05 to '17	2012	Semiannually	\$	11,115
6,660	11/22/02	Water Revenue	5.000	Term '18 to '22	2012	"		6,660
32,180	05/20/03	Water Revenue	5.000	Ser. '04 to '12	-	"		25,800
40,000	11/16/04	Water Revenue	3.000 - 5.000	Ser. '05 to '25	2014	"		39,105
	Total Water	Bonds					\$	82,680
6,815	09/08/99	Parking Revenue Series A	4.000 - 5.000	Ser. '00 to '09	2009	Semiannually	\$	4,135
6,695	09/08/99	Parking Revenue Series A	5.375	Term '10 to '14	2009	"	Ψ.	6,695
6,000	12/05/01	Parking Revenue	3.750 - 5.125	Ser.'02 to '21	2011	"		5,070
0,000	Total Parkin	_	3.730 3.123	Ser. 02 to 21	2011		\$	15,900
	Total Tarkin	g Bolius					Ψ	15,500
3,165	10/23/01	Golf Course Revenue Refunding	2.300 - 4.050	Ser. '02 to '11	2008	Semiannually	\$	1,995
45,560	02/15/98	Electric Revenue Bonds '98 Series A	4.500 - 5.000	Ser. '98 to '18	2008	Semiannually	\$	34,810
141,150	08/15/01	Electric Revenue Bonds '01	4.000 - 5.250	Ser. '06 to '20	2011	"		141,150
148,190	10/01/02	Electric Revenue Bonds '02	4.000 - 5.000	Ser. '04 to '25	2012	"		139,805
93,045	10/01/03	Electric Revenue Bonds '03	3.000 - 5.000	Ser. '04 to '26	2014	"		90,195
33,265	10/01/03	Electric Revenue Bonds '03	4.750	Term '28	2014	"		33,265
	Total Electri	c Bonds					\$	439,225
	TOTAL RE	VENUE BONDS					\$	609,550

Annual requirements to pay principal and interest to maturity on outstanding debt follow (in thousands of dollars):

Year Ended		General Obligation Bonds		Tax-Supported Revenue Bonds		Capital Leases	
August 31		Principal Principal	<u>Interest</u>	<b>Principal</b>	Interest	Principal Principal	<u>Interest</u>
2006	\$	5,191	4,264	580	409	753	353
2007		4,913	4,100	595	392	732	336
2008		5,176	3,927	615	372	761	315
2009		6,049	3,741	635	350	777	292
2010		5,182	3,521	660	326	715	266
2011 - 2015		30,181	14,106	3,730	1,170	3,528	942
2016 - 2020		29,091	7,322	2,875	173	1,599	379
2021 - 2025	_	18,755	1,790			610	45
	\$	104,538	42,771	9,690	3,192	9,475	2,928

Fiscal		Business-Type Activities							
Year Ended		Revenue	e Bonds	Capital	Leases				
August 31		<u>Principal</u>	Interest	Principal	Interest				
2006	\$	19,230	29,287	432	44				
2007		19,950	28,608	323	26				
2008		23,670	27,712	333	12				
2009		24,685	26,677	23	3				
2010		25,780	25,559	25	1				
2011 - 2015		134,380	108,941	-	-				
2016 - 2020		166,110	72,896	-	-				
2021 - 2025		117,200	34,373	-	-				
2026 - 2030	_	78,545	9,557						
	\$	609,550	363,610	1,136	86				

Major fund annual requirements to pay principal and interest to maturity on outstanding debt follow (in thousands of dollars):

Fiscal			Major F	Funds			
Year Ended	Wastewate	er System	Water S	ystem	Electric S	Electric System	
August 31	Principal	Interest	Principal	Interest	Principal	<u>Interest</u>	
2006	\$ 2,065	3,045	5,130	3,834	10,545	21,534	
2007	2,005	3,082	5,340	3,612	11,050	21,103	
2008	2,055	3,024	5,555	3,376	14,430	20,570	
2009	2,110	2,966	5,795	3,128	15,085	19,916	
2010	2,165	2,898	6,050	2,874	15,780	19,201	
2011 - 2015	11,965	13,044	20,550	10,686	94,470	83,613	
2016 - 2020	14,415	10,014	17,370	6,502	132,420	55,967	
2021 - 2025	17,900	6,220	16,890	2,154	81,970	25,976	
2026 - 2030	 15,070	1,724			63,475	7,833	
	\$ 69,750	46,017	82,680	36,166	439,225	275,713	

Long-term liability activity for the year ended August 31, 2005, was as follows (in thousands of dollars):

		09/01/04 Beginning Balance	Additions	Reductions	08/31/05 Ending Balance	Due Within One Year
Governmental Activities:	_					
Bonds and Leases Payable:						
General Obligation Bonds	\$	89,650	16,505	(10,240)	95,915	4,250
Tax Allocation Bonds		7,075	365	(587)	6,853	606
Municipal Infrastructure						
Redevelopment Bonds		2,090	-	(320)	1,770	335
Special Assessment Debt with						
Government Commitment		100	-	(100)	-	-
Tax-Supported Antelope Valley						
Project Bonds		10,255	-	(565)	9,690	580
Capital Leases		7,785	2,078	(388)	9,475	753
Gross Bonds and Leases Payable		116,955	18,948	(12,200)	123,703	6,524
Deferred Amounts:						
For Issuance Premiums		2,283	42	(29)	2,296	-
For Issuance Discounts		(9)	(16)	-	(25)	-
Net Bonds and Leases Payable	_	119,229	18,974	(12,229)	125,974	6,524
Other Liabilities:						
Compensated Absences		7,916	6,437	(5,595)	8,758	5,406
Claims and Judgements		4,995	2,474	(2,343)	5,126	2,378
Net Pension Obligation	_	1,430	3,623	(2,562)	2,491	
Governmental Activity Long-Term Liabilities	\$_	133,570	31,508	(22,729)	142,349	14,308
<b>Business-Type Activities:</b>						
Bonds, Notes and Leases Payable:						
Wastewater Revenue Bonds	\$	53,250	18,000	(1,500)	69,750	2,065
Water Revenue Bonds	_	47,575	40,000	(4,895)	82,680	5,130
Parking Revenue Bonds		17,040	, -	(1,140)	15,900	1,185
Golf Course Revenue Bonds		2,290	-	(295)	1,995	305
Electric System Revenue Bonds		452,205	-	(12,980)	439,225	10,545
Commercial Paper Notes		90,173	-	-	90,173	
Capital Leases		1,554	-	(418)	1,136	432
Gross Bonds, Notes and Leases Payable	_	664,087	58,000	(21,228)	700,859	19,662
Deferred Amounts:						
For Issuance Premiums		21,432	1,978	(2,654)	20,756	-
For Issuance Discounts		(23,499)	-	4,091	(19,408)	-
For Refunding		(4,200)	-	523	(3,677)	-
Net Bonds, Notes and Leases Payable	_	657,820	59,978	(19,268)	698,530	19,662
Other Liabilities:						
Compensated Absences		1,096	878	(770)	1,204	759
Accrued Landfill Closure/Postclosure Care Costs	_	7,238	1,186	(426)	7,998	
Business-Type Activity Long-Term Liabilities	\$_	666,154	62,042	(20,464)	707,732	20,421

Internal Service funds predominantly serve the governmental funds. Therefore, their long-term liabilities are included with the governmental activities above. Compensated absences for governmental activities are generally liquidated in the General Fund as well as various other Special Revenue and Internal Service funds where personal costs are incurred. The claims and judgements liability will generally be liquidated through the City's Insurance Revolving Internal Service Fund, which will finance the payment of those claims by charging other funds based on management's assessment of the relative insurance risk that should be assumed by individual funds. The net pension obligation will be liquidated through the Police & Fire Pension Contributions Special Revenue Fund with financing provided by an annual property tax levy.

Long-term liability activity for the major enterprise funds for the year ended August 31, 2005, was as follows (in thousands of dollars):

	09/01/04 Beginning Balance	Additions	Reductions	08/31/05 Ending Balance	Due Within One Year
Lincoln Wastewater System:					
Bonds Payable:					
Wastwater Revenue Bonds	53,250	18,000	(1,500)	69,750	2,065
Deferred For Issuance Premiums	1,928	322	(82)	2,168	-
Net Bonds Payable	55,178	18,322	(1,582)	71,918	2,065
Other Liabilities:					
Compensated Absences	371	295	(256)	410	254
Total Long-Term Liabilities	\$ 55,549	18,617	(1,838)	72,328	2,319
Lincoln Water System: Bonds Payable: Water Revenue Bonds Deferred for Issuance Premiums Deferred for Refunding Net Bonds Payable Other Liabilities: Compensated Absences Total Long-Term Liabilities	\$ 47,575 2,186 (1,080) 48,681 475 \$ 49,156	40,000 1,656 41,656 335 41,991	(4,895) (316) 136 (5,075) (288) (5,363)	82,680 3,526 (944) 85,262 522 85,784	5,130 - - 5,130 - - - - - - - - - - - - - - - - - - -
Lincoln Electric System: Bonds and Notes Payable: Electric System Revenue Bonds Commercial Paper Notes Deferred for Issuance Premiums Deferred for Issuance Discounts Deferred for Refunding Total Long-Term Liabilities	\$ 452,205 90,173 17,318 (23,499) (3,084) \$ 533,113	- - - - -	(12,980) (2,256) 4,091 382 (10,763)	439,225 90,173 15,062 (19,408) (2,702) 522,350	10,545

#### (10) FAIR VALUE OF FINANCIAL INSTRUMENTS

In the opinion of management, the carrying value of financial instruments, including commercial paper notes, of the City's utility proprietary funds (Lincoln Wastewater, Lincoln Water, and Lincoln Electric Systems) is presented in the City's financial statements at values which approximated fair value at August 31, 2005, (December 31, 2004 for Lincoln Electric System), with the exception of LES' long-term debt for which the estimated fair value is \$468,000,000.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

#### (11) **SEGMENT INFORMATION**

The City has issued revenue bonds and other debt instruments to finance capital construction and acquisitions for both the Parks and Recreation and Public Works/Utilities Departments. The Golf Division of the Parks and Recreation Department operates the City's golf courses and is accounted for in the Golf Fund. The Parking Facilities Division of the Public Works/Utilities Department operates the City's downtown parking garages and is accounted for in the Parking Facilities Fund. Summary financial information for these two divisions as of and for the year ended August 31, 2005, is presented as follows:

		Golf	Parking Facilities
CONDENSED STATEMENT OF NET ASSETS	_	Gon	1 delitties
Assets:			
Current Assets	\$	62,185	3,284,673
Due from Other Funds	·	28,438	302,425
Restricted Assets		391,587	2,992,604
Deferred Charges		48,471	460,219
Capital Assets		7,345,531	35,362,485
Total Assets		7,876,212	42,402,406
Liabilities:			
Current Liabilities		829,882	1,425,575
Due to Other Funds		138,169	3,777
Noncurrent Liabilities		1,876,843	14,719,746
Total Liabilities		2,844,894	16,149,098
Net Assets:			
Invested in Capital Assets, Net of Related Debt		5,017,219	19,922,704
Restricted		416,500	3,026,946
Unrestricted		(402,401)	3,303,658
Total Net Assets	\$	5,031,318	26,253,308
	_		
CONDENSED STATEMENT OF REVENUES,			
EXPENSES, AND CHANGES IN NET ASSETS	φ.	2 125 521	5 01 4 5 40
Operating Revenues	\$	3,135,521	5,214,542
Depreciation Expense		(614,187)	(1,044,310)
Other Operating Expenses	_	(2,568,462)	(2,972,709)
Operating Income (Loss)		(47,128)	1,197,523
Nonoperating Revenues (Expenses):		254	170 202
Investment Earnings		354	170,393
Loss on Disposal of Capital Assets		(100)	(006.210)
Interest Expense and Fiscal Charges		(112,931)	(886,319)
Capital Contributions		75,688	-
Transfers	_	17,595	401.507
Change in Net Assets		(66,522)	481,597
Beginning Net Assets	_	5,097,840	25,771,711
Ending Net Assets	<b>\$</b>	5,031,318	26,253,308
CONDENSED STATEMENT OF CASH FLOWS			
Net Cash Provided (Used) by:			
Operating Activitites	\$	580,610	2,067,959
Noncapital Financing Activities		774	(302,425)
Capital and Related Financing Activities		(617,969)	(2,025,590)
Investing Activities		56,676	433,545
Net Increase in Cash		20,091	173,489
Beginning Balance		105,509	1,317,571
Ending Balance	\$	125,600	1,491,060

#### (12) **DEFICIT\_NET\_ASSETS**

The following funds had a net asset or fund balance deficit as of August 31, 2005:

Major Governmental - Federal Grants Fund	\$ (2,121,468)
Special Revenue - Impact Fees Fund	(8,217)
Enterprise - Emergency Medical Services Fund	(642,159)
Internal Service - Engineering Revolving Fund	(245,703)

#### (13) EMPLOYEES' RETIREMENT PLANS

The employees of the City are covered by several retirement plans. Article II Section 3 of the Lincoln Charter assigns the authority to establish and amend benefit provisions of the various plans to the City Council. The Police and Fire Department Plan (PFDP) is administered by the City and is included in the Fiduciary Fund type. All other plans are administered by outside trustees and are not included in the City's basic financial statements.

#### POLICE AND FIRE PENSION

<u>Plan Description</u> - PFDP is a single-employer defined benefit pension plan administered by the City of Lincoln. PFDP provides retirement, disability, and death benefits to plan members and beneficiaries. PFDP recognizes plan member contributions in the period in which they are due. Employer contributions are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Cost-of-living adjustments are provided to members and beneficiaries in accordance with the plan document. The City does not issue a separate report that includes financial statements and required supplementary information for PFDP.

The City has established the Deferred Retirement Option Plan (DROP) for police and fire pension members. The DROP program allows a member to retire for pension purposes, but to continue working. The member receives a paycheck and the member's monthly pension benefit is deposited into the member's DROP account. At the end of five years, or anytime before five years, the member must "retire-in-fact". Contributions to the pension are eliminated at the beginning of the DROP period. Pension benefits are set, and will not be increased because of raises, promotions, increased years of service or pension enhancements. When a member retires-in-fact, their monthly pension benefit will be paid directly to them and the member will have access to the funds in their DROP account.

Membership of the pension plan consisted of the following at August 31, 2005, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	334
Terminated plan members entitled to	
but not yet receiving benefits	25
Active plan members (non-DROP)	533
DROP members	55
Total	947
Number of participating employers	1

<u>Funding Policy</u> - The contribution requirements of plan members and the City are established by City Ordinance #15728 dated September 24, 1990, and may be amended by the City Council. Plan members are required to contribute between 7% and 8% of their annual covered salary based on an election made by the employee. The City is required to contribute at an actuarially determined rate; the rate for fiscal year 2005 was 12.86% of annual covered payroll. Actual contributions by the City were 8.8% of annual covered payroll. Administrative costs of PFDP are financed through investment earnings.

<u>Annual Pension Cost and Net Pension Obligation</u> – The City's annual pension cost and net pension obligation to PFDP for the current year were as follows:

(Dollar amounts in thousands)

Annual required contribution	\$ 3,684
Interest on net pension obligation	107
Adjustment to annual required contribution	(168)
Annual pension cost	3,623
Contributions made	2,562
Increase in net pension obligation	1,061
Net pension obligation beginning	1,430
Net pension obligation ending	\$ 2,491

The annual required contribution for the current year was determined as part of the August 31, 2003, actuarial valuation using the entry age actuarial funding method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.5% per year compounded annually, (b) projected salary increases of 4.5 to 8.5% per year, and (c) the assumption that benefits will not increase after retirement. The actuarial value of assets was determined using a four year smoothed market method. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis over a period of ten years.

Three-Year Trend Information (Dollar Amounts in Thousands)

Year	Annual	Annual	Percentage	Net
Ended	Pension	Pension	of APC	Pension
August 31	Cost (APC)	Contribution	Contributed	Obligation
2005	\$ 3,623	\$ 2,562	71 %	\$ 2,491
2004	3,292	1,992	61	1,430
2003	2,287	1,783	78	130

#### **ELECTRIC SYSTEM**

The City owns and operates its own electric system which is included in the enterprise funds in the accompanying basic financial statements. The electric system is controlled and managed by an administrative board and is not supported by the City's general tax revenues. The electric system provides retirement benefits to its employees under its own separate plan, such benefits being funded solely from revenues derived from the operation of the electric system. A summary of the electric system plan is as follows:

LES has a defined contribution retirement plan covering all employees upon employment; however, employees are not eligible to receive employer contributions until they have been employed six months. The plan is a straight-money purchase plan, administered by a financial institution. LES' contribution is equal to 200% of the employees' contributions, which range from 2% to 5% of gross wages. This plan and related contribution requirements were authorized by the administrative board of directors under LES' retirement plan, on October 12, 1972, (latest restatement June 15, 1989). Vesting of LES contributions occurs over a five-year period. Employee forfeitures are used to reduce employer contributions. Vested benefits are fully funded. LES incurred contribution expense of approximately \$2,718,000 (9.4% of covered payroll) and its employees contributed approximately \$1,634,000 (5.6% of covered payroll).

Notes to the Financial Statements August 31, 2005

#### **DEPARTMENT DIRECTORS**

Directors of City departments are eligible the first of the month following the date employed to be covered by the Director's Money Purchase Plan, established by City Ordinance, and administered by an insurance company. The Plan is a defined contribution plan requiring the City to contribute 6% of the first \$4,800 of earned income plus 12% of earned income over \$4,800 in one calendar year. Employees covered by the Plan may also make voluntary contributions. Participant accounts are immediately 100% vested. Total and covered payroll for the year ended December 31, 2004, was \$1,430,379. City contributions totaled \$167,030 or 11.7% of covered payroll. There were no voluntary employee contributions made for the year ended December 31, 2004.

#### **ALL OTHER CITY EMPLOYEES**

All other City employees are eligible after 6 months' service and age 19 to be covered under the City's Money Purchase Pension Plan, established by City Ordinance, and administered by an insurance company. Enrollment in the program is mandatory at age 40 with 5 years service. Vesting occurs in increments between 3 and 7 years of enrollment in the plan. The Plan is a defined contribution plan requiring employees to contribute 3% of earnings on the first \$4,800 and 6% on the balance of earnings. Currently, the City contributes 200% of the employees' contributions. Employee forfeitures are used to reduce employer contributions. Employees covered by the Plan may also make voluntary contributions. During the year ended December 31, 2004, total payroll was approximately \$69,496,000 and covered payroll was approximately \$56,012,000. City contributions totaled \$6,207,237 or 11.1% of covered payroll and employee contributions totaled \$3,167,844 or 5.7% of covered payroll. Employees made \$42,833 in voluntary contributions for the year ended December 31, 2004.

#### (14) COMMITMENTS AND CONTINGENCIES

#### **GENERAL**

The City participates in a number of federally assisted grant programs. Federal financial assistance programs are subject to financial and compliance audits. The amount of expenditures, if any, which may be disallowed by the granting agencies is not determinable at this time; however, City officials do not believe that such amounts would be significant.

The City is a defendant in a number of lawsuits and claims in its normal course of operations. Management is currently of the opinion that ultimate settlement of such lawsuits and claims will not have a materially adverse effect on the financial statements.

The City has been identified as a potentially responsible party (PRP) or equivalent status in relation to several sites with environmental remediation activities. Management currently believes that the liability of the City in connection with these activities will be immaterial. However, the ultimate cost will depend on the extent of remediation required. Management does not believe that changes in these cost estimates will have an adverse effect on the City's financial condition or results of operations.

The City of Lincoln owns a solid waste disposal area which discontinued operations in 1990, but still requires certain closure and postclosure care, including the construction of final cover, monitoring of groundwater conditions and landfill gas migration, and general site maintenance. While accrual of closure and postclosure care costs has been reflected in the financial statements in the current year, additional corrective action costs related to landfill gas migration and groundwater conditions may be identified once testing is completed and the state regulatory agency has issued a final determination.

#### STREET CONSTRUCTION PROJECTS

The City's Street Construction Capital Projects Fund has commitments under major construction contracts in progress of approximately \$17,000,000 as of August 31, 2005, which will be financed primarily through highway user fees, bond proceeds, federal and state grants, and developer contributions.

Notes to the Financial Statements August 31, 2005

#### LINCOLN WASTEWATER SYSTEM

The Lincoln Wastewater System has commitments under major construction contracts in progress of approximately \$20,600,000 at August 31, 2005.

Lincoln Wastewater System has commitments to fund Lincoln Water System's purchase of automated meter reading system equipment. Under the agreement, Lincoln Wastewater System will fund approximately \$400,000 per year for an additional two years. The maximum remaining commitment is approximately \$800,000 at August 31, 2005.

#### LINCOLN WATER SYSTEM

The Lincoln Water System has commitments under major construction contracts in progress of approximately \$4,500,000 as of August 31, 2005.

Lincoln Water System has commitments to purchase approximately \$1,000,000 of automated meter reading system equipment for two years. The maximum remaining commitment is approximately \$2,000,000 at August 31, 2005.

#### LINCOLN ELECTRIC SYSTEM (LES)

#### Participation Contracts with NPPD

LES has participating interests in the output of two existing NPPD power plants, a thirty percent (approximately 68 MW) and eight percent (approximately 109 MW) entitlement to the output of the Sheldon Station Power Plant (nominally rated 225 MW coal plant) and Gerald Gentleman Station Power Plant (nominally rated 1,268 MW coal plant), respectively.

LES is responsible for its respective participating interests in the two facilities' capital additions and improvements. LES's share of debt service payments necessary to retire the respective participating interests of principal and interest on bonds issued by NPPD for the facilities was approximately \$7,000,000 in 2004. LES recognizes its share of capital acquisition costs and debt service payments as power costs in the period the costs are billed. Fixed cost payments under the agreements are on a participation basis whether or not such plants are operating or operable. LES recognized expense for its share of the total fixed costs of approximately \$16,700,000 in 2004.

The participation contracts continue until the facilities are removed from commercial operation or the final maturity occurs on the related debt incurred by NPPD to finance the facilities, whichever occurs last. The expected fixed cost payments to NPPD under these contracts, including capital additions and improvements, debt service payments, and fixed costs and credits aggregate approximately \$16,300,000, \$16,100,000, \$16,200,000, \$16,900,000, and \$17,300,000, respectively, in each of the five years subsequent to December 31, 2004.

#### Laramie River Station (LRS)

LES is a 12.76 percent co-owner of the Missouri Basin Power Project which includes LRS, a three-unit, 1,650 MW coal-fired generating station in eastern Wyoming and a related transmission system. Costs, net of accumulated depreciation, associated with LRS of approximately \$48,000,000 are reflected in utility plant at December 31, 2004.

LES has a participation power sales agreement with the County of Los Alamos, New Mexico (the County) whereby the County purchases from LES 10 MW of LES's capacity interest in LRS. The agreement provides for the County to pay LES approximately \$117,300 per month through July 1, 2005, for demand charges. The amount is subject to change each July 1 based on debt costs of LES relative to the current market rates, until termination of the agreement. At July 1, 2005, it was determined that the rate would continue at approximately \$118,000 per month. The agreement remains in effect until either the final maturity occurs on any LRS related debt, LRS is removed from

commercial operation, or the County gives LES notice to terminate the agreement. During 2004, LES billed the County approximately \$2,400,000 for demand and energy charges.

#### (15) <u>INTERFUND\_BALANCES\_AND\_ACTIVITY</u>

Balances Due To/From Other Funds at August 31, 2005, consists of the following:

Due To					Due From			
	_	General Fund	Street Construction	Federal Grants	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	Total
General Fund	\$	_	_	3,216,115	165,953	1,582,582	129	4,964,779
Street Construction	1	1,833,725	-	-	3,459,666	-	-	5,293,391
Federal Grants		-	-	-	-	-	-	-
Community Health Endowmen	ıt	41,927	-	-	-	-	-	41,927
Nonmajor Governmental	5	5,126,266	-	4,787	1,397,179	-	-	6,528,232
Lincoln Wastewater System	2	2,834,929	-	-	259,887	-	-	3,094,816
Lincoln Water System	3	3,265,734	-	-	1,265,311	-	-	4,531,045
Nonmajor Enterprise		960,820	7,079	-	-	-	-	967,899
Internal Service	1	1,668,018	6,188	7,507	51,161	23,103	39,036	1,795,013
	\$ 15	5,731,419	13,267	3,228,409	6,599,157	1,605,685	39,165	27,217,102

"Due to" and "Due from" balances are recorded when funds overdraw their share of pooled cash. The total due to the General Fund includes \$1,459,486 from the Emergency Medical Services Enterprise Fund for an advance made for cash flow needs. Of this amount, \$1,312,659 is not expected to be repaid within one year. Other balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

During 2005 the City's general fund purchased the street light system from LES at an amount equal to the net book value of the street light system at the transaction date. The purchase was financed through an interfund borrowing. On the government-wide statements, the purchase was accounted for as a purchase of capital assets of governmental activities and a sale of capital assets of business-type activities. On the governmental fund statements, the general fund recognized a liability in due to other funds and a prepayment for the funds borrowed from the City's other funds. Each fund has recorded a receivable for the pro-rata share of the borrowed funds. The general fund will pay back the amount borrowed plus interest in scheduled monthly installments over a period of 120 months. As payments are made, the general fund will reduce the liability, the related prepayment, and recognize streets and highways expenditures.

Transfers To/From Other Funds at August 31, 2005, consists of the following:

Transfer To	Transfer From										
	General Fund	Street Construction	Federal Grants	Nonmajor Governmental	Lincoln Electric System	Nonmajor Enterprise	Internal Service	Total			
General Fund \$ Street Construction Federal Grants Nonmajor Governmental Nonmajor Enterprise Internal Service	1,707,183 425,097 18,392,784 525,000 66,666	262,950 16,477 3,555,484 21,595 4,834	15,428 - - 161,650	291,731 6,676,211 18,237 4,587,118 22,030 6,650	1,146,258	4,000 10,785 697,600	33,175	1,720,367 8,427,354 459,811 27,394,636 568,625 78,150			
Total \$	21,116,730	3,861,340	177,078	11,601,977	1,146,258	712,385	33,175	38,648,943			

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Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The variance of \$258 on the Statement of Activities transfers is caused by the different fiscal year end dates used by the City (August 31) and Lincoln Electric System (December 31). Lincoln Electric System records an estimate for payments in lieu of taxes as an accrued liability at the end of their fiscal year. The City however, receives the transfer before the August 31 fiscal year end, and records the exact amount as a transfer in.

#### (16) RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees and the public; or acts of God. For the year ended August 31, 2005, the City has a self-insured retention for workers' compensation exposures up to \$500,000 per individual; building and contents exposures up to \$50,000 per occurrence; law enforcement liability exposures up to \$350,000 per occurrence; general liability exposures up to \$250,000 per occurrence; public officials exposures up to \$250,000 per occurrence; public transportation liability exposures up to \$250,000 per occurrence; auto liability exposures up to \$250,000, and employee long-term disability benefits, all of which are covered under the Insurance Revolving Fund which is included in the internal service funds. The self-insurance programs are administered through the Risk Management Division.

Workers' compensation is covered by a policy which provides statutory limits above the City's retention of \$500,000 per individual. Law enforcement liability is covered by a policy which provides limits of \$5 million per occurrence and \$6 million in annual aggregate. General liability is covered by a policy which provides limits of \$5 million per occurrence and \$6 million in annual aggregate. Public officials liability is covered by a policy which provides limits of \$5 million per occurrence and \$5 million in annual aggregate. Auto liability and public transportation liability are covered by a policy which provides a limit of \$5 million. The Nebraska Political Tort Claims Act limits the City's liability for tort claims to \$1 million per individual and \$5 million per occurrence. Settled claims have not exceeded coverage in any of the past three fiscal years.

The City annually retains the services of independent actuaries to analyze the self-insured workers' compensation, general liability, public transportation liability, law enforcement liability, auto liability, and long-term disability exposures. Such analysis has been used to assist the City with its financial planning and management of the self-insurance program. Included in the specific objectives of the studies were to:

- Estimate the outstanding liabilities for the current fiscal year ended August 31,
- Forecast ultimate incurred losses and incurred but not reported losses for future years, and
- Estimate the required funding level for the City's self-insured liabilities.

The City funds its self-insurance program on an "incurred loss" basis. The governmental and proprietary funds pay annual premium amounts, based on past experience of incurred losses, to the Insurance Revolving Fund. Claim liabilities of \$5,126,431 were recorded at August 31, 2005. This is the actuarially estimated amount of claims based on an estimate of ultimate incurred and incurred but not reported losses as of that date and is calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs, and other economic and social factors. These liabilities have been discounted using a 3.25% discount rate and a claim payment pattern based on the historical data of the City. The City has purchased no annuity contracts in the current fiscal year to resolve City of Lincoln claims.

Notes to the Financial Statements August 31, 2005

The following is a summary of the changes in the estimated claims liability for the years ended August 31, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Balance at September 1	\$ 4,995,121	5,143,840
Current year claims and changes in estimates	2,474,465	1,702,660
Claims payments	(2,343,155)	(1,851,379)
Balance at August 31	\$_5,126,431	4,995,121

#### (17) LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The City of Lincoln currently owns and operates both a municipal solid waste landfill and a construction and demolition debris landfill. State and federal laws require the City to close the landfills once capacity is reached and to monitor and maintain the site for thirty subsequent years on the municipal solid waste landfill and five subsequent years on the construction and demolition debris landfill. Although certain closure and postclosure care costs will be paid only near or after the date that the landfills stop accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

At August 31, 2005, the City had incurred a liability of approximately \$5,015,000 for the municipal solid waste landfill which represents the amount of costs reported to date based on the approximately 35 percent of landfill capacity used to date. The remaining estimated liability for these costs is approximately \$9.3 million, which will be recognized as the remaining capacity is used (estimated to be approximately 24 years).

As of August 31, 2005, the City had incurred a liability of approximately \$498,000 for the construction and demolition debris landfill which represents the amount of costs reported to date based on the approximately 50 percent of landfill capacity used to date. The remaining estimated liability for these costs is approximately \$503,000, which will be recognized as the remaining capacity is used (estimated to be approximately 17 years).

The estimated costs of closure and postclosure care, as determined by an independent engineering consultant, are subject to changes including the effects of inflation, revision of laws, changes in technology, actual sequence of landfill development and closure, and other variables.

The City of Lincoln, in a review by the Nebraska Department of Environmental Quality (NDEQ), has demonstrated compliance with the financial assurance requirements as specified in Title 132 - *Integrated Solid Waste Management Regulations*, through the Local Government Financial Test.

The City of Lincoln also owns a solid waste disposal area that discontinued operations in 1990. Although exempt from the U.S. Environmental Protection Agency *Solid Waste Disposal Facility Criteria* issued October 9, 1991, the City must still adhere to certain closure and postclosure care requirements under prior legislation, including the construction of final cover, monitoring of ground water conditions and landfill gas migration, and general site maintenance. At August 31, 2005, a liability for closure and postclosure care costs is recorded in the amount of approximately \$2,485,000, which is based on appropriations identified in the City's capital improvement projects budgeting process. Additional corrective action costs related to possible landfill gas migration and groundwater conditions may be identified once testing is completed and the state regulatory agency has issued a final determination. These additional potential costs cannot be reasonably estimated and thus no liability has been accrued as of August 31, 2005.

#### (18) PUBLIC BUILDING COMMISSION

In 1990, the City and the County of Lancaster, pursuant to state statute, activated a separate governmental entity denominated as the Lincoln-Lancaster County Public Building Commission. The purpose of this joint venture is to design, acquire, construct, maintain, operate, improve, remodel, remove and reconstruct, so long as its corporate existence continues, public buildings, structures, or

August 31, 2005

facilities for use jointly by the City and the County. The City and the County each appoint two members to the five-member Commission, with the fifth member being appointed by the other four members. All property held or acquired by the Commission is held or acquired in the name of the City and the County for use by the Commission in its corporate capacity. The Commission's costs of operation and debt service are funded through rental payments made by the City and the County based upon their proportionate occupancy of such buildings to the extent not covered by a maximum property tax levy of 1.7 cents for each \$100 of actual valuation of taxable property in the County. For the year ended August 31, 2005, the City made rental payments of approximately \$2 million to the Commission.

As of August 31, 2005, the Commission has bonds outstanding of \$48,955,000 attributable to several bond issues. Certain proceeds from the bonds totaling \$13,730,000 have been utilized by the Commission to acquire, construct, and/or renovate certain buildings occupied by the City and County. The City's proportionate share of such buildings are recorded as capital assets and the corresponding debt are reflected as capital leases in the City's financial statements. Lease payments are not recorded as capital lease payments in the Debt Service funds but rather are recorded as current expenditures in the various individual funds.

Additional bond proceeds, totaling \$29,000,000, have been utilized by the Commission to construct a new County-City building and to renovate the prior County-City building to be used as a Hall of Justice. It is estimated that the City occupies approximately 65% of the new building and 38% of the renovated building (Hall of Justice). It is anticipated that property tax levies by the Commission will be sufficient to meet bond principal and interest payments. Should revenues from such property tax levies not be sufficient to meet debt service requirements in any given year, the City and County would contribute the necessary payments based on their proportionate occupancy in such buildings. Such contributions are expected to be minimal and will be expensed in the appropriate funds when incurred. The City's proportionate share of the buildings has been recorded in capital assets in accordance with the terms of the joint venture agreement regarding the ultimate transfer of assets to the City and County.

Bonds of \$11,295,000 have been issued to acquire land, construct and furnish an addition to the Lincoln-Lancaster County Health Department building, construct additional parking facilities, and renovate and improve the current Health facilities. The City's proportionate share of the Health facilities renovations will be recorded in capital assets and capital leases upon completion, in relation to the ultimate transfer of the asset to the City and County.

Complete separate financial statements for the Commission may be obtained at the Lincoln-Lancaster County Public Building Commission, 920 "O" Street, Room 203, Lincoln, Nebraska 68508.

#### (19) JOINT ANTELOPE VALLEY AUTHORITY

Joint Antelope Valley Authority (JAVA) is a joint administrative entity created April 15, 2000, in accordance with Article XV, Section 18 of the Constitution of the State of Nebraska and Nebraska Revenue Statutes Sections 13.801 through 13.827 (1997) authorizing the creation of a joint entity by public agencies. Per an interlocal cooperative agreement by and between the Board of Regents of the University of Nebraska, a public body corporate, the City of Lincoln, Nebraska, a municipal corporation, and the Lower Platte South Natural Resources District, a political subdivision of the State of Nebraska. JAVA constitutes a separate administrative entity, exercising the public power granted by the interlocal cooperation agreement on behalf of the three aforementioned "Partners" to coordinate planning and implementation of a public project described in the Antelope Valley Study and the U.S. Army Corps of Engineers Antelope Creek Feasibility Study (the Project). The Project generally includes community revitalization, transportation, and drainage/flood control improvements.

After completion of a specific component of the Project, JAVA will transfer all real estate and improvements thereon to the appropriate individual Partner, subject to the necessary and agreed upon easements which will be conveyed to such Partner or other appropriate public or private entity, or reserved by such a Partner, for the operation, maintenance, repair, and inspection of each specific component.

Notes to the Financial Statements August 31, 2005

During the implementation period of the agreement, JAVA shall have the power and authority to acquire and condemn property rights, borrow, mortgage, pledge, or secure loans and bond its appropriated revenues and assets; provided, however, that JAVA shall have no power and authority to bond the credit or revenues of the three Partners or each Partner, or levy taxes.

Complete separate financial statements for JAVA may be obtained at the City of Lincoln Public Works Business Office, 555 South 10<sup>th</sup> Street, Lincoln, Nebraska 68508.

#### (20) JOINTLY GOVERNED ORGANIZATIONS

#### **District Energy Corporation**

LES, in conjunction with two other governmental entities, created the District Energy Corporation (DEC) in 1989 to own, operate, maintain, and finance the heating and cooling facilities utilized by certain city, county, and state buildings. The Board of Directors of DEC is comprised of five members: two appointed by the county board of commissioners, two by the Mayor of Lincoln who must be confirmed by the City Council, and one by LES. No participant has any obligation, entitlement, or residual interest.

The DEC Board of Directors, under a twenty-year management agreement, have appointed LES to supervise and manage the system and business affairs of DEC. LES is reimbursed for these management services based on the allocated actual costs of these services. LES also provides electric energy to DEC at an established interruptible commercial rate. The total amount of payments to LES for management, operations, and maintenance services was approximately \$183,000 in 2004. The total amount of payments to LES for energy was approximately \$67,000 in 2004.

#### Nebraska Utility Corporation

On May 17, 2001, LES, in conjunction with another governmental entity, created the Nebraska Utility Corporation (NUCorp) to purchase, lease, construct, and finance facilities and to acquire services in order to furnish energy requirements, utility and infrastructure services, and all related energy, utility, and infrastructure services to counties, cities, villages, school districts, sanitary and improvement districts, or other municipal corporations or political subdivisions of the State of Nebraska or political subdivisions of another state. The Board of Directors of NUCorp is comprised of five members: three members appointed by the University of Nebraska and two members appointed by LES. No participant has any obligation, entitlement, or residual interest.

Operations commenced in January 2002. The NUCorp board of directors, under a twenty-year management agreement, has appointed LES to supervise and manage the system and business affairs of NUCorp. LES is reimbursed for these management services based on the allocated actual costs of these services. LES also provides electric energy to NUCorp on an established rate schedule. The total payment to LES for management, operations, and maintenance services was approximately \$81,000 in 2004. The total amount of payments to LES for energy was approximately \$5.6 million in 2004.

### **Required Supplementary Information**

#### **Schedule of Funding Progress**

(dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll * (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
August 31, 2005	\$ 145,730	\$ 151,978	\$ 6,248	95.9 %	\$ 29,029	21.5 %
August 31, 2004	136,974	144,179	7,205	95.0	28,125	25.6
August 31, 2003	132,578	137,508	4,930	96.4	27,415	18.0
August 31, 2002	128,319	130,875	2,556	98.0	26,607	9.6
August 31, 2001	128,070	122,661	(5,409)	104.4	28,216	(19.2)
August 31, 2000	121,404	115,671	(5,733)	105.0	25,808	(22.2)

<sup>\*</sup> Non-DROP payroll in 2002 and later

#### **Schedule of Employer Contributions**

(dollar amounts in thousands)

Annual	Annual	
Required	Pension	Percentage
Contribution	Contribution	Contributed
\$ 3,684	\$ 2,562	70 %
3,297	1,992	60
2,234	1,781	80
1,878	1,542	82
821	1,111	135
92	941	1023
	Required Contribution \$ 3,684 3,297 2,234 1,878 821	Required Contribution         Pension Contribution           \$ 3,684         \$ 2,562           3,297         1,992           2,234         1,781           1,878         1,542           821         1,111

COMBINING AND INDIVIDUAL FUND STATEMENTS
AND SCHEDULES



#### COMBINED BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS AUGUST 31, 2005

		Special Revenue	Debt Service	Capital Projects	J. J. Hompes Permanent Fund	Total
ASSETS						
Cash and Cash Equivalents Investments Receivables Due from Other Funds Due from Other Governments Inventories Prepaid Items	\$	7,062,560 18,804,500 2,186,681 2,388,467 554,392 737,236 16,449	4,470,104 16,198,969 3,658,059 1,231,638 167,021	6,887,723 19,066,085 175,190 2,904,552 1,096,187	64,988 549,890 297 3,575	18,485,375 54,619,444 6,020,227 6,528,232 1,817,600 737,236 16,449
Total Assets		31,750,285	25,725,791	30,129,737	618,750	88,224,563
LIABILITIES AND FUND BALANCES						
Liabilities:    Accounts Payable    Contracts Payable    Retainages Payable    Accrued Liabilities    Due to Other Funds    Due to Other Governments    Unearned Revenue    Deferred Revenue    Bond Principal Payable    Bond Interest Payable    Total Liabilities	_	475,432 1,861,367 6,170,198 55,548 307,458 734,150 	950 	1,663,090 532,448 197,484 - 38,155 16 - - - 2,431,193	- - - - - - - - - -	2,139,472 532,448 197,484 1,861,367 6,599,157 55,564 307,458 3,474,078 65,000 39,250
Fund Balances: Reserved for: Inventories Improvements Debt Service Trust Donations Unreserved: Designated for Debt Service Designated for Subsequent Years' Expenditures Designated for Encumbrances		737,236 251,043 - 1,237,367 - 1,696,463 404,460	7,070,715	- - - - 2,999,782	618,750	737,236 251,043 15,419,144 1,856,117 7,070,715 1,696,463 3,404,242
Undesignated		17,819,563		24,698,762		42,518,325
Total Fund Balances		22,146,132	22,489,859	27,698,544	618,750	72,953,285
Total Liabilities and Fund Balances	\$	31,750,285	25,725,791	30,129,737	618,750	88,224,563

## COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED AUGUST 31, 2005

	Special	Debt	Capital	J. J. Hompes Permanent	
	Revenue	Service	Projects	Fund	Total
REVENUES					
Taxes:					
Property	\$ 10,591,323	7,179,124	-	-	17,770,447
Wheel	1,039,839	-	8,113,760	-	9,153,599
Sundry and In Lieu	6,156	3,143	-	-	9,299
Special Assessement	126	1,400,142	-	-	1,400,268
Intergovernmental	5,997,867	1,499,040	-	-	7,496,907
Permits and Fees	9,583,008	-	256,555	-	9,839,563
Reimbursement for Services	909,651	-	-	-	909,651
Investment Earnings	370,280	425,596	627,255	58,111	1,481,242
Donations	285,861	-	1,027,194	-	1,313,055
Keno Proceeds	3,016,301	-	-	-	3,016,301
Miscellaneous	 177,201		723,022		900,223
Total Revenues	 31,977,613	10,507,045	10,747,786	58,111	53,290,555
EXPENDITURES					
Current:					
General Government	6,030,234	-	-	-	6,030,234
Public Safety	8,321,999	-	-	-	8,321,999
Streets and Highways	2,347,315	-	-	-	2,347,315
Culture and Recreation	8,409,272	_	-	13,415	8,422,687
Economic Opportunity	4,453,509	_	-	-	4,453,509
Health and Welfare	10,102,558	-	-	-	10,102,558
Mass Transit	8,169,080	_	-	-	8,169,080
Debt Service:					
Principal Retirement	-	5,536,580	-	-	5,536,580
Interest and Fiscal Charges	-	4,934,088	-	-	4,934,088
Miscellaneous	-	92,325	-	-	92,325
Capital Outlay	-	_	18,440,841	-	18,440,841
Total Expenditures	47,833,967	10,562,993	18,440,841	13,415	76,851,216
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	 (15,856,354)	(55,948)	(7,693,055)	44,696	(23,560,661)
OTHER FINANCING SOURCES (USES)					
Transfers In	19,391,456	2,009,969	5,993,211		27,394,636
Transfers Out	(2,954,658)	(2,233,468)	(6,413,851)	-	(11,601,977)
Issuance of Debt	(2,934,030)	6,555,000	10,315,035	-	16,870,035
Premiums / Discounts on Debt Issued	_	42,635	(7,587)	_	35,048
Transfer To Bond Refunding Agent	_	(6,504,876)	(7,567)	_	(6,504,876)
Sale of Capital Assets	2,527,363	(0,504,670)	_	_	2,527,363
Total Other Financing Sources (Uses)	 18,964,161	(130,740)	9,886,808		28,720,229
				44.606	
Net Change in Fund Balances	3,107,807	(186,688)	2,193,753	44,696	5,159,568
Fund Balances - Beginning	 19,038,325	22,676,547	25,504,791	574,054	67,793,717
Fund Balances - Ending	\$ 22,146,132	22,489,859	27,698,544	618,750	72,953,285

#### NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are established to account for the proceeds from a specific revenue source that is restricted to expenditures for a specified purpose.

Advance Acquisition Fund - To account for funds to be used for the acquisition of real estate for public purposes. Net proceeds from the sale or exchange of real estate owned by the City shall be credited to this fund, and the fund may also be increased by General Fund appropriations, or proceeds from general obligation borrowing.

<u>Athletic Field & Facilities Improvement Fund</u> - To account for proceeds from a surcharge applied to registration fees charged by the Recreation Division for various athletic activities. These monies must be used for improvements to athletic field and facilities.

<u>Lincoln City Libraries Fund</u> - To account for the costs of providing library services to the citizens of Lincoln. Financing is provided by a specific annual tax levy, fines and fees, and reimbursement from Lancaster County for services provided to County residents.

<u>Lincoln Area Agency On Aging Fund</u> - To account for the costs of providing various services to senior citizens through the Lincoln/Lancaster Commission on Aging. Financing is provided by Federal, State, County, and City funds.

<u>Tax Sales Revolving Fund</u> - To provide working funds to acquire lots sold at tax sale for which any part of the taxes included in the decree of foreclosure is due to the City as well as to account for expenditures from this fund to purchase such lots and associated expenses, and to account for monies received from the sale of such lots. Financing is provided by transfers from the Advance Acquisition Fund and monies received from the sale of lots.

<u>Lincoln/Lancaster Co. Health Fund</u> - To account for the costs of providing health services to the citizens of the City of Lincoln and Lancaster County. Financing is provided by Federal, State, County, and City funds.

<u>Snow Removal Fund</u> - To account for the costs of providing snow and ice removal services for all streets in the City of Lincoln. Financing is provided by a percentage of wheel tax receipts and transfers from the Street Construction Fund.

911 Communication Fund - To account for the costs of answering and processing all incoming 911 and non-emergency calls as well as the cost of dispatch service for the Lincoln Police Department, Lincoln Fire Department, Lancaster County Sheriff's Office and Rural Volunteer Fire and Rescue Departments. Financing is provided by County and City funds and a 911 telephone surcharge.

<u>Social Security Fund</u> - To account for the City of Lincoln's matching share of Social Security costs for employees paid from the General Fund and other funds supported primarily from general tax revenue. Financing is provided by a specific annual property tax levy. Such property taxes may only be used for this purpose.

<u>Police & Fire Pension Contributions Fund</u> - To account for the City's contributions to the Police and Fire Pension. Financing is provided by a specific annual property tax levy.

<u>StarTran Fund</u> – To account for the cost of operating the City-owned transit system. Financing is provided primarily through passenger revenue and Federal, State, and City funds.

<u>Unemployment Compensation Fund</u> - To account for the cost of unemployment benefits paid to former employees of departments supported primarily from tax revenues. The City reimburses the State for actual costs rather than a percentage of payroll. Financing is provided by a specific annual property tax levy. Such property taxes may only be used for this purpose.



<u>Keno Fund</u> - To accumulate resources from the City's percentage of Keno revenue in the City and account for activities financed with Keno revenues.

<u>Special Assessment Fund</u> - To account for the receipt and disbursement of special assessment bond proceeds and other income which is derived from interest income, developers share of districts and City subsidies. This fund is also used to account for the administrative cost of collection of and accounting for special assessments levied against benefited properties. Expenditures for capital improvement projects are accounted for in the Special Assessment Capital Projects Fund. Periodic transfers are made to the Capital Projects Fund to cover expenditures.

<u>Building & Safety Fund</u> - To account for the cost of providing building and safety permit and inspection services to the citizens of Lincoln. Financing is provided through permit and inspection fee revenues and City funds.

<u>Property Tax Refunds Fund</u> - To accumulate resources for reimbursement of taxes on centrally assessed property per court order. Resources are derived from collection of prior years' tax levies and interest earned on those collections.

<u>Impact Fees</u> - To account for receipts and disbursements of impact fees in accordance with city ordinance.

<u>Parks & Recreation Special Projects Fund</u> - To account for the proceeds of various trusts and donations to be used for the development of various projects, such as a mini-park, an observatory, landscaping, etc.

<u>Commission On Aging Gift Trust Fund</u> - To account for the proceeds of fund-raising activities by and donations to the Lincoln/Lancaster Senior Center Foundation. These funds are turned over to the City to be used for special projects at the discretion of the Foundation.

<u>Library Special Trust Fund</u> - To account for the receipt of investment earnings from the following trusts:

Charles Gere Library Fund - To be used as directed by the Library Board for the benefit of the Lincoln City Libraries.

Lillian Polley Trust - To be used for the Polley Music Library.

## CITY OF LINCOLN, NEBRASKA SUBCOMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS AUGUST 31, 2005

	Advance Acquisition	Athletic Field & Facilities Improvement	Lincoln City Libraries	Lincoln Area Agency On Aging	Tax Sales Revolving	Lincoln/ Lancaster Co. Health	Snow Removal	911 Communication	Social Security
ASSETS									
Cash and Cash Equivalents	\$ 855,860	91,003	583,136	118,007	166,962	139,112	255,034	8,819	392,030
Investments Receivables:	2,306,257	241,593	1,565,585	311,527	452,986	365,568	685,043	-	1,055,379
Taxes	-	_	901,825	-	-	-	-	-	276,249
Accounts	-	2,920	163	35	-	19,357	-	291,806	-
Accrued Interest	21,051	2,176	8,709	5,132	4,128	3,576	3,506	-	8,963
Due from Other Funds	235,797	24,701	160,069	36,876	46,314	37,377	70,040	-	107,905
Due from Other Governments	-	-	410	68,314	-	383,755	101,785	-	125
Inventories	-	-	-	-	-	-	178,000	-	-
Prepaid Items				<del>-</del>					
Total Assets	3,418,965	362,393	3,219,897	539,891	670,390	948,745	1,293,408	300,625	1,840,651
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts Payable	44,250	-	62,738	45,043	-	63,157	100	6,895	-
Accrued Liabilities	-	-	247,822	132,956	-	354,450	12,491	118,598	246,351
Due to Other Funds	-	-	510	4,508	-	20,368	4,969	92,455	-
Due to Other Governments	-	-	14	8	-	2,310	-	59	-
Unearned Revenue	-	-	-	-	-	-	-	-	-
Deferred Revenue			212,686		-	384,894	-		66,194
Total Liabilities	44,250		523,770	182,515	-	825,179	17,560	218,007	312,545
Fund Balances (Deficits): Reserved for:									
Inventories	_	_	_	_	_	_	178,000	_	_
Improvements	_	_	_	_	_	_		251,043	_
Trust Donations	_	_	_	_	_	_	_		_
Unreserved:									
Designated for Subsequent									
Years' Expenditures	-	-	636,489	82,338	-	221,508	7,736	-	356,315
Designated for Encumbrances	-	-	121,721	94,678	-	88,996	16,000	261	-
Undesignated	3,374,715	362,393	1,937,917	180,360	670,390	(186,938)	1,074,112	(168,686)	1,171,791
Total Fund Balances (Deficits)	3,374,715	362,393	2,696,127	357,376	670,390	123,566	1,275,848	82,618	1,528,106
Total Liabilities and	¢ 2.419.005	262.202	2.210.907	520.001	(70.200	049.745	1 202 400	200.625	
Fund Balances (Deficits)	\$ 3,418,965	362,393	3,219,897	539,891	670,390	948,745	1,293,408	300,625	1,840,651

Police & Fire Pension Contributions	StarTran	Unemployment Compensation	Keno	Special Assessment	Building & Safety	Property Tax Refunds	Impact Fees	Parks & Recreation Special Projects	Commission On Aging Gift Trust	Library Special Trust	Total
-	539,437 1,432,073	64,109 171,658	727,000 1,959,762	20,431 57,219	1,352,455 3,647,733	1,909 3,179	1,397,908 3,724,025	185,727 383,052	65,433 174,837	98,188 267,024	7,062,560 18,804,500
326,775 - - - - - -	5,909 146,419 3 559,236	1,597 17,551	212,183 17,856 200,371	71 466,675 - 16,449	33,392 372,953	28 325	31,711 380,753	3,492 39,164	1,626 17,876 - -	2,445 27,301	1,504,849 526,464 155,368 2,388,467 554,392 737,236 16,449
326,775	2,683,077	254,915	3,117,172	560,845	5,406,533	5,441	5,534,397	611,435	259,772	394,958	31,750,285
256,399 - - - - 70,376 326,775	72,374 276,108 3,024 835 82,297 434,638	- - - - - -	56,441 - 39,320 49,452 - - 145,213	555,425 - - - - - - - - - 555,543	7,584 203,598 13,784 2,268 225,161 452,395	- - - - - - -	102,598 4,257 5,435,753 6 - - 5,542,614	14,134 2,331 596 - 17,061	82 - - - - - - 82	6,006	475,432 1,861,367 6,170,198 55,548 307,458 734,150 9,604,153
- - -	559,236 - -	- - -	- - -	- - -	- - -	- - -	- - -	- - 589,479	259,690	388,198	737,236 251,043 1,237,367
- - - -	170,991 62,307 1,455,905 2,248,439	95,000 - 159,915 254,915	12,597 2,959,362 2,971,959	5,302 5,302	126,086 2,251 4,825,801 4,954,138	5,441 5,441	(8,217) (8,217)	4,895	259,690	754 - 388,952	1,696,463 404,460 17,819,563 22,146,132
326,775	2,683,077	254,915	3,117,172	560,845	5,406,533	5,441	5,534,397	611,435	259,772	394,958	31,750,285

# CITY OF LINCOLN, NEBRASKA SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED AUGUST 31, 2005

	Advance Acquisition	Athletic Field & Facilities Improvement	Lincoln City Libraries	Lincoln Area Agency On Aging	Tax Sales Revolving	Lincoln/ Lancaster Co. Health	Snow Removal	911 Communication	Social Security
Revenues:									
Real Property and									
Personal Property Tax	\$ -	=	6,370,267	=	=	=	=	=	1,940,302
Wheel Tax		=	-	=	=	=	1,039,839	=	
Sundry and In Lieu Tax	-	=	3,641	=	=	=	-	=	1,110
Special Assessment	=	=	· -	=	=	126	=	=	, =
Intergovernmental	=	=	633,923	1,140,934	=	2,279,238	-	257,984	-
Permits and Fees	-	=	368,306	105,317	=	2,404,041	=	1,366,698	-
Reimbursement for Services	2.221	61,404	´ -	165,798	_	191,966	_	, ,	_
Investment Earnings	74,431	6,520	11,835	17,014	13,770	9,013	3,153	_	25,905
Donations		-,	,	8,397			-,	_	,
Keno Proceeds	_	_	_	-,	_	_	_	_	_
Miscellaneous	_	_	5,848	2,034	_	78,509	416	_	_
Total Revenues	76,652	67,924	7,393,820	1,439,494	13,770	4,962,893	1,043,408	1,624,682	1,967,317
		·					, ,		, ,
Expenditures:									
General Government	47,346	=	=	=	-	=	-	=	1,841,663
Public Safety	_	_	_	_	_	-	-	3,133,871	-
Streets and Highways	=	=	=	=	-	=	2,347,315	=	=
Culture and Recreation	=	=	7,345,809	=	-	=	-	=	=
Economic Opportunity	=	=	-	4,394,757	-	=	-	=	=
Health and Welfare	-	=	_	=	=	10,102,558	=	=	-
Mass Transit	-	=	_	=	=		=	=	-
Total Expenditures	47,346	=	7,345,809	4,394,757	=	10,102,558	2,347,315	3,133,871	1,841,663
1		-							
Excess (Deficiency) of Revenues									
Over (Under) Expenditures	29,306	67,924	48,011	(2,955,263)	13,770	(5,139,665)	(1,303,907)	(1,509,189)	125,654
•									
Other Financing Sources (Uses):									
Transfers In	-	-	3,556	2,992,938	-	5,083,151	1,700,045	1,569,894	-
Transfers Out	-	(9,400)	(16,849)	(1,388)	-	(42,480)	-	(81,947)	-
Sale of Capital Assets	2,518,610	-	227	3,702	_	594	_	-	_
Total Other Financing									
Sources (Uses)	2,518,610	(9,400)	(13,066)	2,995,252	=	5,041,265	1,700,045	1,487,947	-
,								·	
Net Change In Fund Balances	2,547,916	58,524	34,945	39,989	13,770	(98,400)	396,138	(21,242)	125,654
e e e e e e e e e e e e e e e e e e e						. , ,		. , ,	
Fund Balances (Deficits) - Beginning	826,799	303,869	2,661,182	317,387	656,620	221,966	879,710	103,860	1,402,452
` , , ,									
Fund Balances (Deficits) - Ending	\$ 3,374,715	362,393	2,696,127	357,376	670,390	123,566	1,275,848	82,618	1,528,106
. , ,		===					*	·	

Police & Fire Pension Contributions	StarTran	Unemployment Compensation	Keno	Special Assessment	Building & Safety	Property Tax Refunds	Impact Fees	Parks & Recreation Special Projects	Commission On Aging Gift Trust	Library Special Trust	Total
2 200 754											10.501.222
2,280,754	=	-	-	=	-	=	=	-	-	=	10,591,323 1,039,839
1,405		_	_	_	_	_	_	_	_	_	6,156
	_	_	_	_	_	_	_	_	_	_	126
_	1,685,788	-	_	_	-	_	_	-	_	_	5,997,867
-	1,211,203	-	-	-	4,041,495	-	85,948	-	-	-	9,583,008
-	82,809	-	-	-	228,624	-	_	176,829	-	-	909,651
-	7,560	5,588	60,602	1,920	108,043	116	-	11,152	5,502	8,156	370,280
-	-	-	-	-	-	-	-	139,506	52,177	85,781	285,861
=	=	=	3,016,301	=	=	=	=	=	=	=	3,016,301
	13,607			30,687	1,264			44,836			177,201
2,282,159	3,000,967	5,588	3,076,903	32,607	4,379,426	116	85,948	372,323	57,679	93,937	31,977,613
2,282,159	-	20,873	1,102,747	643,947	-	-	91,499	-	-	-	6,030,234
=	=	=	=	=	5,188,128	=	=	=	=	=	8,321,999
=	=	=	- (50.596	=	=	=	=	252,000	=	151,787	2,347,315 8,409,272
-	-	-	659,586	-	-	-	_	252,090	58,752	131,/8/	4,453,509
-	-	-	-	-	-	-	-	-	36,732	-	10,102,558
-	8,169,080	-	-	-	=	=	-	=	-	-	8,169,080
2,282,159	8,169,080	20,873	1,762,333	643.947	5,188,128		91,499	252,090	58,752	151,787	47,833,967
2,202,133	0,102,000	20,073	1,702,333	043,547	3,100,120		71,777	232,090	30,732	131,707	47,033,707
_	(5,168,113)	(15,285)	1,314,570	(611,340)	(808,702)	116	(5,551)	120,233	(1,073)	(57,850)	(15,856,354)
-	5,504,625	-	-	1,730,804	806,443	-	_	-	-	-	19,391,456
-	-	=	(1,544,885)	(1,245,768)	-	=.	-	(11,941)	-	-	(2,954,658)
<u> </u>	3,630				600						2,527,363
	5,508,255		(1,544,885)	485,036	807,043		-	(11,941)	. <u> </u>		18,964,161
=	340,142	(15,285)	(230,315)	(126,304)	(1,659)	116	(5,551)	108,292	(1,073)	(57,850)	3,107,807
	1 000 207	270 200	2 202 25 1	121 (0)	4.055.707	5.225	(2.660)	406.002	260.763	446.000	10.020.257
<del>-</del>	1,908,297	270,200	3,202,274	131,606	4,955,797	5,325	(2,666)	486,082	260,763	446,802	19,038,325
	2,248,439	254,915	2,971,959	5,302	4,954,138	5,441	(8,217)	594,374	259,690	388,952	22,146,132
	2,240,439	434,713	2,7/1,739	3,302	4,734,130	J, <del>44</del> 1	(0,217)	334,374	239,090	300,332	22,140,132



#### NONMAJOR DEBT SERVICE FUNDS

Debt Service Funds are established to account for the resources for, and the payment of, general long-term debt principal, interest, and related costs.

<u>Tax Allocation Projects Debt Service Fund</u> - To accumulate resources for payment of principal and interest on the various outstanding tax allocation bonds. Resources are derived from additional taxes generated by the specific properties upon completion of the Redevelopment Projects.

<u>Bond Interest & Redemption Fund</u> - To accumulate resources derived from an annual tax levy for payment of principal and interest on several general obligation bond issues and capital leases outstanding as follows:

1997 Storm Sewer and Drainage System Bonds 1999A Various Purpose Bonds 1999B Various Purpose Bonds 2001 Certificates of Participation – Health Lease Storm Sewer and Drainage System Bonds 2002 2003 Various Purpose Bonds 2004 Certificates of Participation – Fire & 911 Lease Storm Sewer Refunding Bonds 2005 2005 Storm Sewer Construction Bonds 2005 Certificates of Participation - Street Lights

<u>Tax Supported Bonds Fund</u> – includes bonded debt funds as follows:

MIRF Bond Debt Fund – To accumulate resources for payment of principal and interest on the Municipal Infrastructure Redevelopment Fund Bonds, Series 2000. The bonds are payable from amounts received by the City from the State of Nebraska MIRF fund established pursuant to the MIRF Act (Chapter 18, Article 26, Reissue Revised Statutes of Nebraska, as amended), which provides annual appropriations from an imposed cigarette tax.

Antelope Valley Debt Fund – To accumulate resources for payment of principal and interest on the Tax Supported Antelope Valley Project Bonds, Series 2002. The bonds are payable from amounts received from the State of Nebraska City of the Primary Class Development Fund, established pursuant to Chapter 19, article 1, Reissue Revised Statutes of Nebraska, which provides annual appropriations from an imposed cigarette tax, and from the sales tax receipts of the City pledged to the payment of the bonds as needed.

<u>Highway User Allocation Debt Fund</u> - To accumulate resources for payment of principal and interest on the Highway User Allocation Bonds, Series 2004. For the prompt payment of principal of and interest on the bonds, the City has pledged funds received and to be received by the City from the State Highway Allocation Fund as authorized under Section 66-4,101, Reissue Revised Statutes of Nebraska, as amended.

<u>Special Assessment Fund</u> - To accumulate resources for payment of principal and interest on the various outstanding special assessment bond issues. Income is derived from special assessment tax collections, interest on special assessment taxes and interest from investments.

#### SUBCOMBINING BALANCE SHEET NONMAJOR DEBT SERVICE FUNDS AUGUST 31, 2005

	Tax Allocatio	ın.			
	Projects Debt Service	Bond Interest &	Tax Supported Bonds	Special Assessment	Total
	Service	Redemption	Donus	Assessment	Total
ASSETS					
Cash and Cash Equivalents	\$ 1,188,9	83 887,597	516,778	1,876,746	4,470,104
Investments	3,750,8	63 4,878,216	2,512,337	5,057,553	16,198,969
Receivables (Net of Allowance for Uncollectibles):					
Taxes	286,7	72 790,449	-	-	1,077,221
Accrued Interest	26,6	03 39,302	34,412	48,095	148,412
Special Assessment			-	2,432,426	2,432,426
Due from Other Funds	327,7	76 244,410	142,356	517,096	1,231,638
Due from Other Governments		- 354	166,667		167,021
Total Assets	5,580,9	97 6,840,328	3,372,550	9,931,916	25,725,791
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable			950	-	950
Due To Other Funds			-	390,804	390,804
Deferred Revenue		- 195,446	166,667	2,377,815	2,739,928
Bond Principal Payable		- 10,000	_	55,000	65,000
Bond Interest Payable		- 1,668	_	37,582	39,250
Total Liabilities		- 207,114	167,617	2,861,201	3,235,932
Fund Balances:					
Reserved for Debt Service	5,580,9	97 6,633,214	3,204,933		15,419,144
Unreserved - Designated for Debt Service	3,300,9	- 0,033,214	3,204,933	7,070,715	7,070,715
Total Fund Balances	5,580,9	97 6,633,214	3,204,933	7,070,715	22,489,859
Total I und Dalances	3,300,9	0,033,214	3,204,933	7,070,713	22,407,039
Total Liabilities and Fund Balances	\$ 5,580,9	97 6,840,328	3,372,550	9,931,916	25,725,791

### SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR DEBT SERVICE FUNDS

#### FOR THE YEAR ENDED AUGUST 31, 2005

		Tax				
		Allocation	Bond	Tax		
		Projects	Interest &	Supported	Special	
	I	Debt Service	Redemption	Bonds	Assessment	Total
Revenues:			-		-	
Real Property and Personal Property Tax	\$	1,674,717	5,504,407	-	-	7,179,124
Sundry and In Lieu Tax		-	3,143	-	-	3,143
Special Assessment		-	-	-	1,196,034	1,196,034
Special Assessment Interest		-	-	-	204,108	204,108
Intergovernmental		-	145,707	1,353,333	-	1,499,040
Investment Earnings		76,789	105,888	81,992	160,927	425,596
Total Revenues		1,751,506	5,759,145	1,435,325	1,561,069	10,507,045
Expenditures Debt Service:						
Principal Retirement		586,699	3,850,000	885,000	100,000	5,421,699
Interest		312,912	2,197,207	2,347,382	3,425	4,860,926
Fiscal Charges		1,350	1,990	1,600	903	5,843
Capital Lease Principal		-	114,881	-	-	114,881
Capital Lease Interest		-	67,319	-	-	67,319
Bond Issuance Expense		-	89,450	-	-	89,450
Miscellaneous		750		2,020	105	2,875
Total Expenditures		901,711	6,320,847	3,236,002	104,433	10,562,993
Excess (Deficiency) of Revenues						
Over (Under) Expenditures		849,795	(561,702)	(1,800,677)	1,456,636	(55,948)
Other Financing Sources (Uses):						
Transfers In		-	191,509	1,818,460	-	2,009,969
Transfers Out		(502,663)	-	-	(1,730,805)	(2,233,468)
Issuance of Debt		-	6,555,000	-	-	6,555,000
Premiums / (Discounts) on Debt Issued		-	42,635	-	-	42,635
Transfer To Bond Refunding Agent			(6,504,876)			(6,504,876)
Total Other Financing Sources (Uses)		(502,663)	284,268	1,818,460	(1,730,805)	(130,740)
Net Change in Fund Balances		347,132	(277,434)	17,783	(274,169)	(186,688)
Fund Balances - Beginning	_	5,233,865	6,910,648	3,187,150	7,344,884	22,676,547
Fund Balances - Ending	\$	5,580,997	6,633,214	3,204,933	7,070,715	22,489,859



#### NONMAJOR CAPITAL PROJECTS FUNDS

Capital Projects Funds are established to account for all resources received and used for the acquisition or development of major capital improvements (other than those financed by proprietary funds and trust funds).

<u>Storm Sewer Construction Fund</u> - To account for the cost of improving and extending storm sewers. Financing is provided through property tax revenue.

<u>Vehicle Tax Fund</u> - To account for monies derived from the payment of wheel tax which is to be used for street improvements in the City.

1991 G. O. Various Purpose Bonds Fund - To account for the cost of providing improvements to the City's existing library system, including the expansion and equipping of Gere Branch Library and to purchase and equip a new bookmobile; and providing improvements to the City's existing storm sewer and drainage system. Financing is provided by general obligation bonds.

<u>Downtown Redevelopment Project Fund</u> - To account for the cost of acquiring real property and development within the area included in the Lincoln Center Retail Revitalization/Redevelopment Project. Financing is provided by general obligation bonds.

<u>Storm Sewer Bonds Fund</u> - To account for the cost of providing improvements and extensions to the City's storm water sewer and drainage system. Financing is to be provided by a combination of general obligation bond issue proceeds, tax increment financing and reimbursement funds from the Federal Emergency Management Agency.

1999 G.O. Various Purpose Bonds Fund - To account for the cost of financing, acquiring, and improving interactive recreational facilities for children and families, referred to as the Children's Museum; financing the construction and equipping of two new park and recreational facilities; and financing construction and equipping of two public libraries and necessary site improvements.

<u>2002 Antelope Valley Bonds</u> – To account for the costs of funding portions of new stormwater, transportation, and community revitalization strategies incorporated into the Antelope Valley Project. Financing is provided by tax supported bonds.

Other Capital Projects Fund - To account for the cost of acquiring or improving various general fixed assets. Financing is provided from a variety of sources, such as General fund appropriations, revenue sharing, federal/state grants, bond proceeds, etc.

<u>Special Assessment Fund</u> - To account for the cost of capital improvements to be assessed against benefited properties. Resources are derived from fund transfers from the Special Revenue fund type and interest on investments.

#### SUBCOMBINING BALANCE SHEET NONMAJOR CAPITAL PROJECTS FUNDS AUGUST 31, 2005

	Storm Sewer Construction		Vehicle Tax	1991 G.O. Various Purpose Bonds	Downtown Redevelopment Project	Storm Sewer Bonds
ASSETS						
Cash and Cash Equivalents	\$	33,996	1,218,183	12,049	804	4,417,426
Investments		93,776	3,282,165	30,199	4,768	12,156,390
Accrued Interest Receivable		-	42,172	283	42	99,003
Due from Other Funds		9,588	335,576	3,087	488	1,217,337
Due from Other Governments		79,561	794,296			222,330
Total Assets		216,921	5,672,392	45,618	6,102	18,112,486
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable		49,423	-	-	-	810,042
Contracts Payable		-	-	-	-	50,597
Retainages Payable		1,763	-	-	-	149,415
Due to Other Funds		-	-	-	-	-
Due to Other Governments		-				16
Total Liabilities		51,186				1,010,070
Fund Balances:						
Unreserved:						
Designated for Encumbrances		47,842	-	-	-	2,056,073
Unreserved, Undesignated		117,893	5,672,392	45,618	6,102	15,046,343
Total Fund Balances		165,735	5,672,392	45,618	6,102	17,102,416
Total Liabilities and Fund Balances	\$	216,921	5,672,392	45,618	6,102	18,112,486

1999 G.O. Various Purpose Bonds	2002 Antelope Valley Bonds	Other Capital Projects	Special Assessment	Total
268,987 726,368 6,630 74,265	265,911 970,010 8,455 73,616	670,367 1,802,409 18,605 635,170	555,425	6,887,723 19,066,085 175,190 2,904,552 1,096,187
1,076,250	1,317,992	3,126,551	555,425	30,129,737
- - - - - -	- - - - -	519,819 481,851 10,000 38,155 	283,806 - 36,306 - - 320,112	1,663,090 532,448 197,484 38,155 16 2,431,193
1,872 1,074,378 1,076,250 1,076,250	1,317,992 1,317,992 1,317,992	658,682 1,418,044 2,076,726 3,126,551	235,313 235,313 555,425	2,999,782 24,698,762 27,698,544 30,129,737

# SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR CAPITAL PROJECTS FUNDS FOR THE YEAR ENDED AUGUST 31, 2005

	<u>C</u>	Storm Sewer	Vehicle Tax	1991 G.O. Various Purpose Bonds	Downtown Redevelopment Project	Storm Sewer Bonds
Revenues:						
Wheel Tax	\$	-	8,113,760	-	-	-
Permits and Fees		-	-	-	-	-
Investment Earnings		-	138,431	941	793	238,627
Donations		-	-	-	-	-
Rental Income		-	-	-	-	-
Miscellaneous		78,495	_			644,330
Total Revenues		78,495	8,252,191	941	793	882,957
Expenditures Capital Outlay:						
General Government		_	_	_	_	_
Public Safety		-	-	-	-	-
Streets and Highways		1,045,084	-	-	-	7,725,891
Culture and Recreation		-	-	-	-	_
Economic Opportunity		-	-	-	-	_
Total Expenditures		1,045,084	-	-		7,725,891
Excess (Deficiency) of Revenues						
Over (Under) Expenditures		(966,589)	8,252,191	941	793	(6,842,934)
Other Financing Sources (Uses):						
Transfers In		953,600	-	-	_	177,388
Transfers Out		(28,679)	(5,419,006)	-	(116,597)	(23,875)
Issuance of Debt		=	=	-	-	9,950,000
Premiums / (Discounts) on Debt Issued		-	-	-	-	(7,587)
Total Other Financing Sources (Uses)		924,921	(5,419,006)	-	(116,597)	10,095,926
Net Change in Fund Balances		(41,668)	2,833,185	941	(115,804)	3,252,992
Fund Balances - Beginning		207,403	2,839,207	44,677	121,906	13,849,424
Fund Balances - Ending	\$	165,735	5,672,392	45,618	6,102	17,102,416

1999 G.O. Various Purpose Bonds	2002 Antelope Valley Bonds	Other Capital Projects	Special Assessment	Total
_	_	_	_	8,113,760
_	_	256,555	_	256,555
27,360	152,972	68,131	_	627,255
		1,027,194	_	1,027,194
-	-	155	-	155
-	-	42	-	722,867
27,360	152,972	1,352,077		10,747,786
-	-	141,999	-	141,999
-	-	155,807	-	155,807
-	1,205,811	554,279	1,209,605	11,740,670
16,306	-	2,570,721	-	2,587,027
		3,815,338		3,815,338
16,306	1,205,811	7,238,144	1,209,605	18,440,841
11,054	(1,052,839)	(5,886,067)	(1,209,605)	(7,693,055)
		3,597,464	1,264,759	5,993,211
(746,684)	_	(79,010)	1,201,735	(6,413,851)
(710,001)	_	365,035	_	10,315,035
_	_	-	_	(7,587)
(746,684)		3,883,489	1,264,759	9,886,808
(735,630)	(1,052,839)	(2,002,578)	55,154	2,193,753
1,811,880	2,370,831	4,079,304	180,159	25,504,791
			_	_
1,076,250	1,317,992	2,076,726	235,313	27,698,544



# ATHLETIC FIELD & FACILITIES IMPROVEMENT FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) FOR THE YEAR ENDED AUGUST 31, 2005

		Budgeted .	Amounts	Actual	Variance with Final Budget Positive
	_	Original	Final	Amounts	(Negative)
Revenues:					
Recreation Receipts	\$	87,000	87,000	58,485	(28,515)
Investment Earnings		_		5,986	5,986
Total Revenues		87,000	87,000	64,471	(22,529)
Other Financing Uses:					
Transfers Out	_	(334,628)	(309,628)	(9,400)	300,228
Net Change in Fund Balances		(247,628)	(222,628)	55,071	277,699
Fund Balances - Beginning	_	305,486	305,486	305,486	
Fund Balances - Ending	\$	57,858	82,858	360,557	277,699

### LINCOLN CITY LIBRARIES FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND

### CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) FOR THE YEAR ENDED AUGUST 31, 2005

		Budgeted A	Amounts	Actual	Variance with Final Budget Positive
	_	Original	Final	Amounts	(Negative)
	_	- 8			
Revenues:					
Real Property and Personal Property Tax	\$	5,795,078	5,795,078	6,465,850	670,772
Intergovernmental		633,983	633,983	633,923	(60)
Permits and Fees		360,000	360,000	369,877	9,877
Investment Earnings		22,000	22,000	11,483	(10,517)
Miscellaneous		9,210	9,210	5,672	(3,538)
Total Revenues	_	6,820,271	6,820,271	7,486,805	666,534
Expenditures Culture and Recreation:					
Personal Services		5,319,166	5,322,722	5,251,874	70,848
Materials and Supplies		225,754	225,754	230,150	(4,396)
Other Services and Charges		1,027,993	1,027,993	931,929	96,064
Capital Outlay		953,885	953,885	953,936	(51)
Total Expenditures	_	7,526,798	7,530,354	7,367,889	162,465
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	_	(706,527)	(710,083)	118,916	828,999
Other Financing Sources (Uses):					
Transfers In		_	_	3,556	3,556
Transfers Out		(21,292)	(21,292)	(16,849)	4,443
Sale of Capital Assets		(21,2)2)	(21,252)	227	227
Total Other Financing Sources (Uses)	_	(21,292)	(21,292)	(13,066)	8,226
Net Change in Fund Balances		(727,819)	(731,375)	105,850	837,225
Fund Balances - Beginning	_	2,515,500	2,515,500	2,515,500	
Fund Balances - Ending	\$	1,787,681	1,784,125	2,621,350	837,225

# LINCOLN AREA AGENCY ON AGING FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) FOR THE YEAR ENDED AUGUST 31, 2005

		Dudgatad	Amounta	Actual	Variance with Final Budget Positive
	_	Budgeted Original	Final		
	_	Original	Filiai	Amounts	(Negative)
Revenues:					
Intergovernmental	\$	1,171,603	1,171,603	1,255,295	83,692
Permits and Fees		124,616	124,616	106,454	(18,162)
Reimbursement for Services		13,525	13,525	10,222	(3,303)
Client Contributions		157,132	157,132	157,259	127
Investment Earnings		=	-	15,041	15,041
Donations		35,160	35,160	8,397	(26,763)
Miscellaneous		1,500	1,500	2,013	513
Total Revenues		1,503,536	1,503,536	1,554,681	51,145
Expenditures Economic Opportunity:					
Personal Services		3,039,902	3,065,708	2,999,526	66,182
Materials and Supplies		324,181	324,181	306,306	17,875
Other Services and Charges		1,262,913	1,287,013	1,045,481	241,532
Capital Outlay		21,513	32,273	32,601	(328)
Total Expenditures	_	4,648,509	4,709,175	4,383,914	325,261
Deficiency of Revenues Under Expenditures	_	(3,144,973)	(3,205,639)	(2,829,233)	376,406
Other Financing Sources (Uses):					
Transfers In		2,988,132	2,988,132	2,992,938	4,806
Transfers Out		-	-	(1,388)	(1,388)
Sale of Capital Assets		-	-	3,702	3,702
Total Other Financing Sources (Uses)	_	2,988,132	2,988,132	2,995,252	7,120
Net Change in Fund Balances		(156,841)	(217,507)	166,019	383,526
Fund Balances - Beginning	_	298,937	298,937	298,937	
Fund Balances - Ending	\$_	142,096	81,430	464,956	383,526

# LINCOLN/LANCASTER COUNTY HEALTH FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) FOR THE YEAR ENDED AUGUST 31, 2005

		Budgeted A	A mounts	Actual	Variance with Final Budget Positive
	_	Original	Final	Amounts	(Negative)
	_				
Revenues:					
Special Assessment	\$	-	-	126	126
Intergovernmental		2,272,960	2,272,960	2,279,238	6,278
Permits and Fees		2,729,966	2,729,966	2,405,191	(324,775)
Reimbursement for Services		-	-	188,115	188,115
Investment Earnings		-	-	5,526	5,526
Miscellaneous		-	-	78,064	78,064
Total Revenues		5,002,926	5,002,926	4,956,260	(46,666)
Expenditures Health and Welfare:					
Personal Services		7,616,207	7,616,207	7,574,037	42,170
Materials and Supplies		340,945	340,945	354,561	(13,616)
Other Services and Charges		2,429,969	2,429,969	2,121,538	308,431
Capital Outlay		52,841	52,841	50,940	1,901
Total Expenditures	_	10,439,962	10,439,962	10,101,076	338,886
Deficiency of Revenues Under Expenditures	_	(5,437,036)	(5,437,036)	(5,144,816)	292,220
Other Financing Sources (Uses):					
Transfers In		5,180,891	5,180,891	5,083,151	(97,740)
Transfers Out		(42,480)	(42,480)	(42,480)	-
Sale of Capital Assets		-	-	594	594
Total Other Financing Sources (Uses)	_	5,138,411	5,138,411	5,041,265	(97,146)
Net Change in Fund Balances		(298,625)	(298,625)	(103,551)	195,074
Fund Balances - Beginning	_	698,319	698,319	698,319	
Fund Balances - Ending	\$_	399,694	399,694	594,768	195,074

### SNOW REMOVAL FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) FOR THE YEAR ENDED AUGUST 31, 2005

	_	Budgeted Original	Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:					
Wheel Tax	\$	1.014.200	1.014.200	1 022 702	10.502
.,	Э	1,014,200	1,014,200	1,032,793	18,593
Investment Earnings Miscellaneous		-	-	1,299	1,299
	_	1.014.200	1.014.200	1,031	1,031
Total Revenues	_	1,014,200	1,014,200	1,035,123	20,923
Expenditures Streets and Highways:					
Personal Services		1,112,629	1,112,629	912,179	200,450
Materials and Supplies		187,700	187,700	182,192	5,508
Other Services and Charges		1,157,616	1,157,616	1,012,728	144,888
Capital Outlay		271,364	271,364	256,364	15,000
Total Expenditures		2,729,309	2,729,309	2,363,463	365,846
1	_	, , , , , , , , , , , , , , , , , , ,			
Deficiency of Revenues Under Expenditures	,	(1,715,109)	(1,715,109)	(1,328,340)	386,769
Other Financing Sources:					
Transfers In		1,700,045	1,700,045	1,700,045	
Transfers in	_	1,700,043	1,700,043	1,700,043	
Net Change in Fund Balances		(15,064)	(15,064)	371,705	386,769
Fund Balances - Beginning	_	638,236	638,236	638,236	
Fund Balances - Ending	\$_	623,172	623,172	1,009,941	386,769

### 911 COMMUNICATION FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) FOR THE YEAR ENDED AUGUST 31, 2005

		Budgeted	Amounts	Actual	Variance with Final Budget Positive
	_	Original	Final	Amounts	(Negative)
_					
Revenues:					
Intergovernmental	\$	114,416	114,416	257,984	143,568
Permits and Fees		1,300,000	1,300,000	1,257,826	(42,174)
Investment Earnings		_		77	77
Total Revenues	_	1,414,416	1,414,416	1,515,887	101,471
Expenditures Public Safety:					
Personal Services		2,269,905	2,353,805	2,368,543	(14,738)
Materials and Supplies		13,900	13,900	13,531	369
Other Services and Charges		437,659	435,159	447,793	(12,634)
Capital Outlay		138,946	141,446	285,187	(143,741)
Total Expenditures		2,860,410	2,944,310	3,115,054	(170,744)
Deficiency of Revenues Under Expenditures	_	(1,445,994)	(1,529,894)	(1,599,167)	(69,273)
Other Financing Sources (Uses):					
Transfers In		1,445,994	1,445,994	1,569,894	123,900
Transfers Out		(106,046)	(106,046)	(81,946)	24,100
Total Other Financing Sources (Uses)		1,339,948	1,339,948	1,487,948	148,000
Net Change in Fund Balances	_	(106,046)	(189,946)	(111,219)	78,727
Fund Deficits - Beginning	_	51,569	51,569	51,569	
Fund Balances - Ending	\$_	(54,477)	(138,377)	(59,650)	78,727

### SOCIAL SECURITY FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)

### FOR THE YEAR ENDED AUGUST 31, 2005

		Budgeted	Amounts	Actual	Variance with Final Budget Positive
		Original	Final	Amounts	(Negative)
Revenues:					
Real Property and Personal Property Tax	\$	1,765,993	1,765,993	1,961,197	195,204
Investment Earnings		19,400	19,400	23,939	4,539
Total Revenues		1,785,393	1,785,393	1,985,136	199,743
Expenditures General Government: Personal Services Other Services and Charges Total Expenditures	 	1,907,368 40,491 1,947,859	1,907,368 40,491 1,947,859	1,777,481 37,776 1,815,257	129,887 2,715 132,602
Excess (Deficiency) of Revenues Over (Under) Expenditures		(162,466)	(162,466)	169,879	332,345
Fund Balances - Beginning	_	1,612,051	1,612,051	1,612,051	
Fund Balances - Ending	\$_	1,449,585	1,449,585	1,781,930	332,345

### STARTRAN FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) FOR THE YEAR ENDED AUGUST 31, 2005

		Budgeted	Amounts	Actual	Variance with Final Budget Positive
		Original	Final	Amounts	(Negative)
	_				
Revenues:					
Intergovernmental	\$	1,797,100	1,797,100	1,694,913	(102,187)
Permits and Fees		1,175,150	1,175,150	1,210,430	35,280
Reimbursement for Services		-	-	82,809	82,809
Investment Earnings		-	-	6,194	6,194
Miscellaneous	_			13,607	13,607
Total Revenues		2,972,250	2,972,250	3,007,953	35,703
Expenditures Mass Transit:					
Personal Services		6,217,324	6,175,242	6,101,831	73,411
Materials and Supplies		822,624	855,957	990,567	(134,610)
Other Services and Charges		952,343	1,019,425	913,572	105,853
Capital Outlay		635	635	194,693	(194,058)
Total Expenditures	_	7,992,926	8,051,259	8,200,663	(149,404)
Deficiency of Revenues Under Expenditures	_	(5,020,676)	(5,079,009)	(5,192,710)	(113,701)
Other Financing Sources:					
Transfers In		5,446,292	5,421,292	5,504,625	83,333
Sale of Capital Assets		-	-	3,631	3,631
Total Other Financing Sources		5,446,292	5,421,292	5,508,256	86,964
_	_				
Net Change in Fund Balances		425,616	342,283	315,546	(26,737)
Fund Balances - Beginning		1,852,135	1,852,135	1,852,135	-
	_				
Fund Balances - Ending	\$_	2,277,751	2,194,418	2,167,681	(26,737)

### UNEMPLOYMENT COMPENSATION FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) FOR THE YEAR ENDED AUGUST 31, 2005

	_	Budgeted A		Actual	Variance with Final Budget Positive
	_	Original	Final	Amounts	(Negative)
Revenues:					
Investment Earnings	\$	-	-	5,504	5,504
Expenditures General Government:					
Unemployment Insurance Payments		95,000	95,000	20,872	74,128
Deficiency of Revenues Under Expendi	tures	(95,000)	(95,000)	(15,368)	79,632
Fund Balances - Beginning	_	270,245	270,245	270,245	
Fund Balances - Ending	\$_	175,245	175,245	254,877	79,632

### KENO FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) FOR THE YEAR ENDED AUGUST 31, 2005

	_ _	Budgeted Original	Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:					
Investment Earnings	\$	_	-	59,899	59,899
Keno Proceeds		3,370,125	3,370,125	3,067,543	(302,582)
Total Revenues	_	3,370,125	3,370,125	3,127,442	(242,683)
Expenditures:					
General Government:					
Other Services and Charges		1,192,500	1,192,500	1,096,036	96,464
Culture and Recreation:					
Capital Outlay	_	13,051	675,051	662,454	12,597
Total Expenditures	_	1,205,551	1,867,551	1,758,490	109,061
Excess of Revenues Over Expenditures		2,164,574	1,502,574	1,368,952	(133,622)
Other Financing Uses:					
Transfers Out	_	(3,920,887)	(3,258,887)	(1,531,184)	1,727,703
Net Change in Fund Balances		(1,756,313)	(1,756,313)	(162,232)	1,594,081
Fund Balances - Beginning	_	3,323,810	3,323,810	3,323,810	
Fund Balances - Ending	\$_	1,567,497	1,567,497	3,161,578	1,594,081

### **BUILDING & SAFETY FUND**

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) FOR THE YEAR ENDED AUGUST 31, 2005

		Budgeted	Amounts	Actual	Variance with Final Budget Positive
	_	Original	Final	Amounts	(Negative)
Revenues: Permits and Fees Reimbursement for Services Investment Earnings Miscellaneous	\$	4,484,820	4,484,820	4,041,202 228,625 103,971 11,721	(443,618) 228,625 103,971 11,721
Total Revenues	_	4,484,820	4,484,820	4,385,519	(99,301)
Expenditures Public Safety:					
Personal Services		4,454,773	4,454,773	4,279,882	174,891
Materials and Supplies		68,191	68,191	60,264	7,927
Other Services and Charges		675,699	675,699	741,976	(66,277)
Capital Outlay	_	92,600	92,600	76,326	16,274
Total Expenditures	_	5,291,263	5,291,263	5,158,448	132,815
Deficiency of Revenues Under Expenditures		(806,443)	(806,443)	(772,929)	33,514
Other Financing Sources:					
Transfers In		806,443	806,443	806,443	-
Sale of Assets		-	-	600	600
Total Other Financing Sources		806,443	806,443	807,043	600
Net Change in Fund Balances		-	-	34,114	34,114
Fund Balances - Beginning	_	5,138,114	5,138,114	5,138,114	
Fund Balances - Ending	\$_	5,138,114	5,138,114	5,172,228	34,114

### LIBRARY SPECIAL TRUST FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND

### CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) FOR THE YEAR ENDED AUGUST 31, 2005

		Budgeted	Amounts	Actual	Variance with Final Budget Positive
		Original	Final	Amounts	(Negative)
Revenues:					
Investment Earnings	\$	-	-	6,020	6,020
Donations	_	143,824	143,824	85,781	(58,043)
Total Revenues		143,824	143,824	91,801	(52,023)
Expenditures Culture and Recreation:					
Personal Services		132,007	132,007	129,238	2,769
Materials and Supplies		250	250	10	240
Other Services and Charges		1,567	1,567	412	1,155
Capital Outlay	_	10,734	10,734	9,691	1,043
Total Expenditures	_	144,558	144,558	139,351	5,207
Deficiency of Revenues Under Expenditures		(734)	(734)	(47,550)	(46,816)
Amount Not Required to be Budgeted		(9,340)	(9,340)	(9,340)	-
Fund Balances - Beginning	_	449,741	449,741	449,741	<u> </u>
Fund Balances - Ending	\$_	439,667	439,667	392,851	(46,816)

# TAX ALLOCATION PROJECTS DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) FOR THE YEAR ENDED AUGUST 31, 2005

					Variance with
					Final Budget
	_	Budgeted		Actual	Positive
	-	Original	Final	Amounts	(Negative)
Revenues:					
Real Property and Personal Property Tax	\$	874,643	874,643	1,394,371	519,728
Investment Earnings		-	-	61,903	61,903
Total Revenues	=	874,643	874,643	1,456,274	581,631
Expenditures Debt Service:					
Principal Retirement		566,146	566,146	586,699	(20,553)
Interest		308,497	308,497	312,912	(4,415)
Fiscal Charges		-	-	1,350	(1,350)
Miscellaneous		-	-	750	(750)
Total Expenditures	=	874,643	874,643	901,711	(27,068)
Excess of Revenues Over Expenditures	_			554,563	554,563
Other Financing Uses:					
Transfers Out	_	(502,664)	(502,664)	(502,664)	
Net Change in Fund Balances		(502,664)	(502,664)	51,899	554,563
Fund Balances - Beginning	_	4,908,806	4,908,806	4,908,806	
Fund Balances - Ending	\$_	4,406,142	4,406,142	4,960,705	554,563

# BOND INTEREST & REDEMPTION DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) FOR THE YEAR ENDED AUGUST 31, 2005

		Budgeted .	Amounts	Actual	Variance with Final Budget Positive
	_	Original	Final	Amounts	(Negative)
Revenues:					
Real Property and Personal Property Tax	\$	4,999,468	4,999,468	5,607,615	608,147
Sundry and In Lieu Tax		5,400	5,400	3,331	(2,069)
Intergovernmental		-	-	145,707	145,707
Investment Earnings	_	37,000	37,000	98,495	61,495
Total Revenues	-	5,041,868	5,041,868	5,855,148	813,280
Expenditures Debt Service:					
Principal Retirement		3,845,000	3,845,000	3,850,000	(5,000)
Interest		2,197,451	2,197,451	2,197,207	244
Fiscal Charges		-	-	1,990	(1,990)
Capital Lease Principal		_	_	114,881	(114,881)
Capital Lease Interest		_	_	67,319	(67,319)
Bond Issuance Costs		_	_	89,450	(89,450)
Total Expenditures	-	6,042,451	6,042,451	6,320,847	(278,396)
Deficiency of Revenues Under Expenditures	-	(1,000,583)	(1,000,583)	(465,699)	534,884
Other Financing Sources (Uses):					
Transfers In		191,509	191,509	191,509	-
Refunding Bond Proceeds		6,555,000	6,555,000	6,555,000	-
Premiums On Debt Issuance		42,635	42,635	42,635	-
Transfers To Bond Refunding Agent		(6,504,876)	(6,504,876)	(6,504,876)	-
Total Other Financing Sources (Uses)	-	284,268	284,268	284,268	
Net Change in Fund Balances		(716,315)	(716,315)	(181,431)	534,884
Fund Balances - Beginning	_	6,988,852	6,988,852	6,988,852	
Fund Balances - Ending	\$	6,272,537	6,272,537	6,807,421	534,884

# TAX SUPPORTED BONDS DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) FOR THE YEAR ENDED AUGUST 31, 2005

					Variance with
		Dudgatad	Amounta	Actual	Final Budget Positive
	_	Budgeted			
	_	Original	<u>Final</u>	Amounts	(Negative)
Revenues:					
Intergovernmental	\$	1,414,195	1,414,195	1,780,000	365,805
Investment Earnings		_	-	64,532	64,532
Total Revenues	_	1,414,195	1,414,195	1,844,532	430,337
Expenditures Debt Service:					
Principal Retirement		885,000	885,000	885,000	-
Interest		529,195	529,195	2,347,382	(1,818,187)
Fiscal Charges		-	-	650	(650)
Miscellaneous	_			2,020	(2,020)
Total Expenditures	_	1,414,195	1,414,195	3,235,052	(1,820,857)
Deficiency of Revenues Under Expenditures		-	-	(1,390,520)	(1,390,520)
Other Financing Sources:					
Transfer In	_	1,818,460	1,818,460	1,818,460	
Net Change in Fund Balances		1,818,460	1,818,460	427,940	(1,390,520)
Fund Balances - Beginning	_	2,737,644	2,737,644	2,737,644	
Fund Balances - Ending	\$_	4,556,104	4,556,104	3,165,584	(1,390,520)

# COMMUNITY HEALTH PERMANENT ENDOWMENT FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) FOR THE YEAR ENDED AUGUST 31, 2005

		Budgeted	Amounts	Actual	Variance with Final Budget Positive
		Original	Final	Amounts	(Negative)
		_			
Revenues:					
Investment Earnings	\$	1,818,205	1,818,205	1,882,138	63,933
Donations		-	-	3,500	3,500
Miscellaneous		-	-	6,686	6,686
Total Revenues	_	1,818,205	1,818,205	1,892,324	74,119
Expenditures Health and Welfare:					
Personal Services		267,637	267,637	198,492	69,145
Materials and Supplies		12,226	12,226	3,487	8,739
Other Services and Charges		338,342	338,342	199,237	139,105
Capital Outlay		-	-	1,207	(1,207)
Grants		1,867,127	1,867,127	622,229	1,244,898
Total Expenditures	_	2,485,332	2,485,332	1,024,652	1,460,680
Excess (Deficiency) of Revenues					
Over (Under) Expenditures		(667,127)	(667,127)	867,672	1,534,799
Fund Balances - Beginning		45,043,258	45,043,258	45,043,258	
Fund Balances - Ending	\$_	44,376,131	44,376,131	45,910,930	1,534,799

#### NONMAJOR ENTERPRISE FUNDS

Enterprise funds are established to account for operations that are financed and operated in a manner similar to private business enterprises where the costs of providing goods or services are recovered primarily through user charges and where periodic determination of net income is appropriate.

<u>Parking Lot Revolving Fund</u> - To account for the revenues and expenses of several City-owned parking lots.

<u>Golf Fund</u> - To account for the revenues and expenses of the four public adult golf courses and one youth golf course.

<u>Parking Facilities Fund</u> - To account for the revenues and expenses of seven downtown parking garages: Carriage Park, Que Place, Center Park, Cornhusker Square, University Square, Market Place, and Haymarket.

<u>Pershing Municipal Auditorium Fund</u> - To account for the revenues and expenses of the Cityowned municipal auditorium.

<u>Sanitary Landfill Revenue Fund</u> - To account for the revenues and expenses of the City-owned landfill.

<u>Emergency Medical Services Fund</u> - To account for the revenues and expenses of the City-operated emergency and non-emergency ambulance service.

#### COMBINING STATEMENT OF NET ASSETS NONMAJOR ENTERPRISE FUNDS AUGUST 31, 2005

	Parking Lot	Colf	Parking Facilities	Pershing Municipal	Sanitary	Emergency Medical Services	Total
	Revolving	Golf	Facilities	Auditorium	Landfill	Services	Total
ASSETS							
Current Assets:							
Cash and Cash Equivalents	\$ 300,952	14,389	958,399	150,023	1,918,337	-	3,342,100
Investments	797,892	-	2,296,164	30,199	5,160,866	-	8,285,121
Restricted Assets:							200
Cash and Cash Equivalents	-	1,298	266,661	130,714	-	-	398,673
Accounts Receivable Accrued Interest Receivable	-	1,025 1,202	-	-	-	-	1,025 1,202
Accounts Receivable (Net of Allowance for Uncollectibles)	670	4,044	12,421	91,790	955,579	1,085,524	2,150,028
Accrued Interest Receivable	7,210	-	17,689	28	47,304	-	72,231
Due from Other Funds	81,578	-	234,765	3,088	552,370	-	871,801
Due from Other Governments	-	-	_	-	5,339	-	5,339
Inventories	-	43,752	-	21,826	-	100,581	166,159
Prepaid Expenses				26,262		18,937	45,199
Total Current Assets	1,188,302	65,710	3,786,099	453,930	8,639,795	1,205,042	15,338,878
Noncurrent Assets:							
Restricted Assets:		100.012	266,000				255 012
Cash and Cash Equivalents	-	109,913	266,000	-	-	-	375,913
Investments Accrued Interest Receivable	-	278,149	2,434,519 25,424	-	-	-	2,712,668 25,424
Due from Other Funds	-	28,438	67,660	-	-	-	96,098
Total Restricted Assets		416,500	2,793,603				3,210,103
Deferred Charges		48,471	460,219			5,633	514,323
Capital Assets:		10,171	100,213			2,000	511,525
Land	320,200	1,082,623	4,267,844	46,500	1,942,957	-	7,660,124
Buildings	9,765	2,413,845	40,939,520	4,350,992	1,304,907	-	49,019,029
Improvements Other Than Buildings	287,148	6,972,558	226,428	203,958	18,242,958	-	25,933,050
Machinery and Equipment	91,990	1,788,396	1,068,204	916,755	4,575,650	1,265,032	9,706,027
Construction in Progress	-	77,558	-	-	240,577	-	318,135
Less Accumulated Depreciation	(164,348)	(4,989,449)	(11,139,511)	(5,030,901)	(11,138,682)	(744,232)	(33,207,123)
Total Capital Assets, Net	544,755	7,345,531	35,362,485	487,304	15,168,367	520,800	59,429,242
Total Assets	1,733,057	7,876,212	42,402,406	941,234	23,808,162	1,731,475	78,492,546
LIABILITIES							
Current Liabilities:							
Accounts Payable	14,262	85,836	199,794	53,394	166,471	134,164	653,921
Accrued Liabilities	_	69,957	4,868	17,962	78,549	123,865	295,201
Accrued Compensated Absences	-	56,936	2,048	· -	66,035	92,706	217,725
Due to Other Funds	-	138,169	3,777	-	1,080	150,000	293,026
Due to Other Governments	-	36,322	548	11,291	62,240	348	110,749
Unearned Revenue	-	50,067	-	215,718	-	-	265,785
Accrued Interest	-	7,379	33,317	-	-	972	41,668
Current Portion of Capital Lease	20,220	218,385	-	18,834	-	175,000	432,439
Current Portion of Long-Term Debt		305,000	1,185,000				1,490,000
Total Current Liabilities	34,482	968,051	1,429,352	317,199	374,375	677,055	3,800,514
Noncurrent Liabilities:  Due to Other Funds						1 212 650	1 212 650
Accrued Compensated Absences	-	23,445	4,746	-	22,690	1,312,659 3,920	1,312,659 54,801
Long-Term Debt, Net	_	1,658,704	14,715,000	_	22,090	3,920	16,373,704
Capital Lease Payable	39,118	194,694	-	89,695	_	380,000	703,507
Accrued Landfill Closure/Postclosure Care Costs	-	-	_	-	7,998,000	-	7,998,000
Total Noncurrent Liabilities	39,118	1,876,843	14,719,746	89,695	8,020,690	1,696,579	26,442,671
Total Liabilities	73,600	2,844,894	16,149,098	406,894	8,395,065	2,373,634	30,243,185
NET ASSETS							
Invested in Capital Assets, Net of Related Debt	485,417	5,017,219	19,922,704	378,775	15,168,367	(28,567)	40,943,915
Restricted for:	,,	, ,	, , ,	,	, ,	. , ,	, ,
Debt Service	-	316,500	2,048,918	-	-	-	2,365,418
Capital Projects	-	100,000	978,028	130,714	-	-	1,208,742
Unrestricted	1,174,040	(402,401)	3,303,658	24,851	244,730	(613,592)	3,731,286
Total Net Assets	\$ 1,659,457	5,031,318	26,253,308	534,340	15,413,097	(642,159)	48,249,361

### COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED AUGUST 31, 2005

	Parking Lot Revolving	Golf	Parking Facilities	Pershing Municipal Auditorium	Sanitary Landfill	Emergency Medical Services	Total
Operating Revenues							
Charges for Services	\$ -	-	-	-	-	3,332,354	3,332,354
Fees	=	3,121,638	=	=	3,760,420	=	6,882,058
Parking Facility Revenue	209,875	=	5,205,965	=	=	=	5,415,840
Performance Revenue	=	-	=	1,374,505	-	=	1,374,505
Other Operating Revenue	141	13,883	8,577	92,134	242,505	953	358,193
Total Operating Revenues	210,016	3,135,521	5,214,542	1,466,639	4,002,925	3,333,307	17,362,950
Operating Expenses							
Personal Services	=	1,306,698	105,910	814,788	1,723,532	2,712,207	6,663,135
Contractual Services	65,593	40,161	2,086,261	=	2,102,120	493,437	4,787,572
Operation and Maintenance	183,422	1,221,603	780,538	1,240,976	1,405,674	396,936	5,229,149
Depreciation	28,688	614,187	1,044,310	147,327	1,514,733	159,079	3,508,324
Total Operating Expenses	277,703	3,182,649	4,017,019	2,203,091	6,746,059	3,761,659	20,188,180
Operating Income (Loss)	(67,687)	(47,128)	1,197,523	(736,452)	(2,743,134)	(428,352)	(2,825,230)
Nonoperating Revenues (Expenses)							
Investment Earnings	24,225	354	170,393	-	163,439	-	358,411
Gain (Loss) on Disposal of Capital Assets	-	(100)	-	-	15,897	-	15,797
Occupation Tax	-	-	-	-	2,111,731	-	2,111,731
Amortization of Deferred Charges	-	(11,795)	(34,954)	-	-	(2,331)	(49,080)
Interest Expense and Fiscal Charges	(5,242)	(101,136)	(851,365)	(8,594)	-	(64,901)	(1,031,238)
Total Nonoperating Revenues (Expenses)	18,983	(112,677)	(715,926)	(8,594)	2,291,067	(67,232)	1,405,621
Income (Loss) Before Contributions							
and Transfers	(48,704)	(159,805)	481,597	(745,046)	(452,067)	(495,584)	(1,419,609)
Capital Contributions	-	75,688	-	15,529	17,000	-	108,217
Transfers In	22,030	21,595	-	525,000	-	-	568,625
Transfers Out	(10,785)	(4,000)	-	-	(697,600)	-	(712,385)
Change in Net Assets	(37,459)	(66,522)	481,597	(204,517)	(1,132,667)	(495,584)	(1,455,152)
Net Assets - Beginning	1,696,916	5,097,840	25,771,711	738,857	16,545,764	(146,575)	49,704,513
Net Assets - Ending	\$ 1,659,457	5,031,318	26,253,308	534,340	15,413,097	(642,159)	48,249,361

CITY OF LINCOLN, NEBRASKA COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED AUGUST 31, 2005

	Parking Lot Revolving	Golf	Parking Facilities	Pershing Municipal Auditorium	Sanitary Landfill	Emergency Medical Services	Total
Cash Flows from Operating Activities							
Receipts from Customers and Users	\$ 209,205	3,148,681	5,180,916	1,547,686	3,666,452	3,429,924	17,182,864
Receipts from Interfund Services Provided Payments to Suppliers for Goods and Services	(227,537)	(893,411)	12,628 (2,688,720)	(1,228,812)	233,150 (2,472,372)	(569,126)	245,778 (8,079,978)
Payments to Employees	(14.467)	(1,288,397)	(102,665)	(817,437)	(1,694,527)	(2,695,298)	(6,598,324)
Payments for Interfund Services Provided Other Receipts	(14,467) 141	(400,146) 13,883	(342,777) 8,577	92,134	(274,822) 242,505	(265,587) 953	(1,297,799) 358,193
Net Cash Provided (Used) by Operating Activities	(32,658)	580,610	2,067,959	(406,429)	(299,614)	(99,134)	1,810,734
Cash Flows from Noncapital Financing Activities							
Occupation Tax	-	-	-	-	2,176,512	-	2,176,512
Transfers from Other Funds	22,030	21,595	-	525,000	- (607,600)	-	568,625
Transfers to Other Funds Advances from General Fund	(10,785)	(4,000) 11,617	-	-	(697,600)	730,189	(712,385) 741,806
Repayment of Advances from General Fund	-	-	-	-	-	(362,801)	(362,801)
Advances to Other Funds	(91,415)	(31,583)	(305,743)	(3,088)	(540,839)	-	(972,668)
Payments from Other Funds	9,837	3,145	3,318	-	13,180	- (26.224)	29,480
Interest Paid to General Fund Net Cash Provided (Used) by Non-Capital						(36,334)	(36,334)
Financing Activities	(70,333)	774	(302,425)	521,912	951,253	331,054	1,432,235
Cook Flows from Conital and Polated Financing Activities							
Cash Flows from Capital and Related Financing Activities Additions to Capital Assets	(5,922)	(7,590)	(31,329)	-	(907,093)	(33,825)	(985,759)
Proceeds from Sale of Capital Assets	-	-	-	-	37,527	-	37,527
Principal Payments of Capital Lease	(18,758)	(211,619)	-	(17,585)	-	(170,000)	(417,962)
Principal Payments of Bonded Debt Interest and Fiscal Charges Paid	(5,242)	(295,000) (103,760)	(1,140,000) (854,261)	(8,185)	-	(28,095)	(1,435,000) (999,543)
Net Cash Used by Capital and Related Financing Activities		(617,969)	(2,025,590)	(25,770)	(869,566)	(231,920)	(3,800,737)
Cash Flows from Investing Activities	211 510	105 607	1 260 604	255	1 490 192		2 167 257
Proceeds from Sale and Maturities of Investments Purchases of Investments	311,519 (150,635)	105,697 (52,512)	1,269,604 (1,021,195)	355 (27,994)	1,480,182 (974,327)	-	3,167,357 (2,226,663)
Interest and Other Receipts	32,640	3,491	185,136	(27,55.)	215,767	-	437,034
Net Cash Provided (Used) by Investing Activities	193,524	56,676	433,545	(27,639)	721,622		1,377,728
Net Increase in Cash and Cash Equivalents	60,611	20,091	173,489	62,074	503,695	_	819,960
Cash and Cash Equivalents - Beginning	240,341	105,509	1,317,571	218,663	1,414,642	-	3,296,726
Cash and Cash Equivalents - Ending	\$ 300,952	125,600	1,491,060	280,737	1,918,337		4,116,686
Reconciliation of Operating Income (Loss) to Net Cash							
Provided (Used) by Operating Activities Operating Income (Loss)	\$ (67,687)	(47,128)	1,197,523	(736,452)	(2,743,134)	(428,352)	(2,825,230)
Adjustments to Reconcile Operating Income (Loss) to	ψ (07,007)	(17,120)	1,137,525	(750,152)	(2,7 10,10 1)	(120,002)	(2,020,200)
Net Cash Provided (Used) by Operating Activities:		=					
Depreciation Changes in Assets and Liabilities:	28,688	614,187	1,044,310	147,327	1,514,733	159,079	3,508,324
Accounts Receivable and Unbilled Revenues	(670)	12,894	(12,421)	79,430	128,388	97,570	305,191
Due from Other Funds		· -	-	-	9,799	-	9,799
Due from Other Governments	-	9.227	-	- (4.752)	995	-	995
Inventories Prepaid Expenses	-	8,227	-	(4,752) 13,166	-	12,882 18,936	16,357 32,102
Accounts Payable	7,011	(29,681)	(165,229)	11,167	52,398	6,080	(118,254)
Accrued Liabilities	-	(695)	896	(2,649)	10,842	19,090	27,484
Accrued Compensated Absences	-	3,182	2,349	-	18,163	(2,181)	21,513
Due to Other Funds Due to Other Governments	-	10,332 (4,454)	671 (140)	(7,417)	(1,544) (50,254)	17,619 143	27,078 (62,122)
Unearned Revenue	-	13,746	-	93,751	(, <del></del> )		107,497
Accrued Landfill Closure/Postclosure Care Costs			-		760,000		760,000
Total Adjustments Net Cash Provided (Used) by Operating Activities	35,029 \$ (32,658)	627,738 580,610	870,436 2,067,959	330,023 (406,429)	2,443,520 (299,614)	329,218 (99,134)	4,635,964 1,810,734
Supplemental Disclosure of Noncash Investing, Capital,	(52,555)		_,,	(,)	(=->,01.)	(-2,12.1)	-,,,
and Financing Activities:	¢	75 600		15 520	17 000		108 217
Contribution of Capital Assets Change in Fair Value of Investments	(9,214)	75,688 (3,218)	(51,140)	15,529 (412)	17,000 (60,602)		108,217 (124,586)

#### INTERNAL SERVICE FUNDS

Internal Service Funds are established to account for the financing of goods or services rendered by one department or agency to other departments or agencies or to other governmental units on a cost-reimbursement basis.

<u>Information Services Fund</u> - To account for the cost of operating a central data processing facility for the City of Lincoln and Lancaster County. User City and County departments are charged for the resources used. Resources used are billed at cost plus an administrative overhead.

<u>Engineering Revolving Fund</u> - To account for the cost of operating a central engineering pool. Revenues are derived from billings to various capital improvement projects.

<u>Insurance Revolving Fund</u> - To account for the cost of providing a self-insurance program for workers' compensation, liability, property insurance, long-term disability and Blue Cross/Blue Shield Health Insurance Plan. Revenues are derived from billings to operating departments.

<u>Fleet Services Fund</u> - To account for the operation of a centralized maintenance facility for equipment used by other City departments, such as trucks, heavy equipment, miscellaneous other equipment and radio maintenance. Revenues are derived from billings to user departments.

<u>Police Garage Fund</u> - To account for the operation of a maintenance facility for the Police fleet and vehicles from various other City departments. Revenues are derived from billings to the Police and other user departments.

<u>Communication Services Fund</u> - To account for the costs of providing graphic arts and telecommunication services. Revenues are derived from billings to user departments.

<u>Copy Services Fund</u> - To account for the cost of providing copy services to the City of Lincoln and Lancaster County. User City and County departments are charged on a per copy basis.

## COMBINING STATEMENT OF NET ASSETS INTERNAL SERVICE FUNDS AUGUST 31, 2005

	Information Services	Engineering Revolving	Insurance Revolving	Fleet Services
AGGERMA				
ASSETS				
Current Assets:	¢ 410.052	121.016	2.060.227	122.050
Cash and Cash Equivalents	\$ 419,052	121,016	3,060,337	133,858
Investments	1,128,493	325,832	8,509,787	362,389
Accounts Receivable	69,611	224,910	796 80.484	217
Accrued Interest Receivable	10,066	3,973	,	495
Due from Other Funds	287,198	46,413	966,590	98,094
Due from Other Governments	214,001	209,302	-	7,698
Inventories	171 102	-	-	369,323
Prepaid Expenses	171,103		- 10 (17 004	-
Total Current Assets	2,299,524	931,446	12,617,994	972,074
Noncurrent Assets:				
Capital Assets:				
Land	-	-	-	-
Buildings	26,485	-	-	-
Improvements Other Than Buildings	-	693,733	-	420,192
Machinery and Equipment	1,492,903	445,380	28,936	14,530,782
Less Accumulated Depreciation	(1,077,498)	(824,471)	(15,859)	(8,376,599)
Total Capital Assets, Net	441,890	314,642	13,077	6,574,375
Total Assets	2,741,414	1,246,088	12,631,071	7,546,449
LIABILITIES				
Current Liabilities:				
Accounts Payable	72,080	55,832	98,438	256,202
Accrued Liabilities	147,126	259,862	21,167	62,861
Accrued Compensated Absences	149,212	279,724	10,666	67,728
Due to Other Funds	1,743	10,655	7,091	3,886
Due to Other Governments	595	994	225	-
Unearned Revenue	-	705,726	-	_
Claims	_	703,720	2,377,583	_
Accrued Interest	763		2,377,303	
Current Portion of Capital Lease	55,085		_	
Total Current Liabilities	426,604	1,312,793	2,515,170	390,677
Noncurrent Liabilities:	420,004	1,312,773	2,313,170	370,077
Accrued Compensated Absences	78,596	178,998	16,077	52,607
Claims	78,390	170,990	2,748,848	32,007
Capital Lease Payable	223,738	-	2,740,040	-
Total Noncurrent Liabilities	302,334	178,998	2,764,925	52,607
Total Liabilities	728,938	1,491,791	5,280,095	443,284
Total Elabilities	720,730	1,101,701	3,200,033	113,201
NET ASSETS				
Invested in Capital Assets	163,067	314,642	13,077	6,574,375
Unrestricted	1,849,409	(560,345)	7,337,899	528,790
Total Net Assets	\$ 2,012,476	(245,703)	7,350,976	7,103,165

Police Garage	Communication Services	Copy Services	Total
401,559	28,361	82,324	4,246,507
1,083,988	77,882	222,520	11,710,891
60	816	849	297,259
7,818	608	1,951	105,395
346,079	12,206	38,433	1,795,013
217	4,127	16,736	452,081
89,481	-	-	458,804
		_	171,103
1,929,202	124,000	362,813	19,237,053
48,250	-	-	48,250
346,661	-	-	373,146
49,234	-	-	1,163,159
4,860,699	61,820	-	21,420,520
(3,266,583)	(54,934)	_	(13,615,944)
2,038,261	6,886		9,389,131
3,967,463	130,886	362,813	28,626,184
92,093	2,622	30,051	607,318
31,015	4,459	1,250	527,740
26,562	2,523	325	536,740
15,790	-	-	39,165
-	-	-	1,814
-	-	-	705,726
-	-	-	2,377,583
-	-	-	763
165,460	0.604	31,626	55,085 4,851,934
103,400	9,604	31,020	4,631,934
33,522	6,578	-	366,378
-	-	-	2,748,848
			223,738
33,522	6,578		3,338,964
198,982	16,182	31,626	8,190,898
2,038,261	6,886	-	9,110,308
1,730,220	107,818	331,187	11,324,978
3,768,481	114,704	331,187	20,435,286

### COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS INTERNAL SERVICE FUNDS FOR THE YEAR ENDED AUGUST 31, 2005

	_	Information Services	Engineering Revolving	Insurance Revolving	Fleet Services
Operating Revenues					
Charges for Services	\$	6,106,048	7,004,113	6,189,498	5,595,906
Operating Expenses					
Personal Services		3,308,582	5,732,358	455,955	1,437,632
Materials and Supplies		124,914	49,584	7,708	1,648,588
Other Services and Charges		2,634,832	1,250,771	5,238,999	1,540,420
Depreciation		140,555	65,122	1,725	1,299,259
Total Operating Expenses	_	6,208,883	7,097,835	5,704,387	5,925,899
Operating Income (Loss)		(102,835)	(93,722)	485,111	(329,993)
Nonoperating Revenues (Expenses)					
Investment Earnings		28,656	19,466	278,868	1,168
Gain (Loss) on Disposal of Capital Assets		-	-	-	126,578
Interest Expense and Fiscal Charges		(3,103)	-	-	-
Total Nonoperating Revenues (Expenses)	_	25,553	19,466	278,868	127,746
Income (Loss) Before Contributions					
and Transfers		(77,282)	(74,256)	763,979	(202,247)
Capital Contributions		-	-	-	257,025
Transfers In		-	11,483	-	33,334
Transfers Out		(33,175)	-	-	-
Change in Net Assets		(110,457)	(62,773)	763,979	88,112
Net Assets - Beginning		2,122,933	(182,930)	6,586,997	7,015,053
Net Assets - Ending	\$	2,012,476	(245,703)	7,350,976	7,103,165

Police	Communication	Copy	
Garage	Services	Services	Total
2,758,538	238,563	337,758	28,230,424
769,593	101,159	35,888	11,841,167
1,007,987	5,865	-	2,844,646
414,875	93,291	329,023	11,502,211
636,047	1,629	-	2,144,337
2,828,502	201,944	364,911	28,332,361
		_	
(69,964)	36,619	(27,153)	(101,937)
25,281	1,639	6,515	361,593
(12,477)	-	-	114,101
-	-	-	(3,103)
12,804	1,639	6,515	472,591
		<u> </u>	
(57,160)	38,258	(20,638)	370,654
21,555	-	-	278,580
33,333	-	-	78,150
<u>-</u>	-	-	(33,175)
(2,272)	38,258	(20,638)	694,209
3,770,753	76,446	351,825	19,741,077
3,768,481	114,704	331,187	20,435,286

### CITY OF LINCOLN, NEBRASKA COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS FOR THE YEAR ENDED AUGUST 31, 2005

		Information Services	Engineering Revolving	Insurance Revolving	Fleet Services
Cash Flows from Operating Activities	_			<u> </u>	
Receipts from Customers and Users	\$	2,681,272	1,457,798	2,070,575	762,861
Receipts from Interfund Services Provided		3,634,739	5,165,396	4,118,923	5,105,271
Payments to Suppliers for Goods and Services		(2,648,573)	(714,227)	(4,992,100)	(2,889,528)
Payments to Employees		(3,253,033)	(5,624,797)	(442,419)	(1,426,274)
Payments for Interfund Services Provided		(134,808)	(603,098)	(95,902)	(209,828)
Net Cash Provided (Used) by Operating Activities	_	279,597	(318,928)	659,077	1,342,502
Cash Flows from Noncapital Financing Activities			11 402		22.224
Transfers from Other Funds		(22.175)	11,483	=	33,334
Transfers to Other Funds		(33,175)	(50.700)	- (1.112.600)	(46.072)
Advances to Other Funds Payments from Other Funds		(115,380)	(58,708)	(1,112,699)	(46,072)
•		(148,555)	25,394	(966,590)	9,020
Net Cash Used by Noncapital Financing Activities		(146,333)	(21,831)	(900,390)	(3,718)
Cash Flows from Capital and Related Financing Activities		(229 405)	(4.564)		(1.592.250)
Additions to Capital Assets		(338,405)	(4,564)	=	(1,582,250) 206,544
Proceeds from Sale of Capital Assets Proceeds from Long-Term Debt		202.417	-	-	200,344
Principal Payments of Capital Lease		292,417 (13,594)	-	=	-
Interest and Fiscal Charges Paid		(2,340)	-	-	_
Net Cash Used by Capital and Related Financing Activities		(61,922)	(4,564)		(1,375,706)
		(01,722)	(4,504)		(1,373,700)
Cash Flows from Investing Activities					
Proceeds from Sale and Maturities of Investments		237,153	354,081	2,314,111	127,762
Purchases of Investments		(213,050)	(61,514)	(1,606,575)	(68,417)
Interest and Other Receipts		38,238	20,429	361,962	6,257
Net Cash Provided (Used) by Investing Activities	_	62,341	312,996	1,069,498	65,602
Net Increase (Decrease) in Cash and Cash Equivalents		131,461	(32,327)	761,985	28,680
Cash and Cash Equivalents - Beginning		287,591	153,343	2,298,352	105,178
Cash and Cash Equivalents - Ending	\$	419,052	121,016	3,060,337	133,858
Reconciliation of Operating Income (Loss) to Net Cash					
Provided (Used) by Operating Activities					
Operating Income (Loss)	\$	(102,835)	(93,722)	485,111	(329,993)
Adjustments to Reconcile Operating Income (Loss)					
to Net Cash Provided (Used) by Operating Activities:					
Depreciation		140,555	65,122	1,725	1,299,259
Changes in Assets and Liabilities:		(25.004)	(10.210)		12.012
Accounts Receivable		(25,806)	(18,210)	=	42,943
Due from Other Funds  Due from Other Governments		15,283	12,662	-	230,266
Inventories		220,486	(134,501)	=	(983) 675
Prepaid Expenses		3,412	=	=	675
Accounts Payable		(26,522)	(10,616)	23,116	89,192
Accrued Liabilities		5,830	21,582	1,283	7,069
Accrued Compensated Absences		49,719	85,979	12,253	4,289
Due to Other Funds		(1,107)	(5,272)	6,325	(212)
Due to Other Governments		582	(1,082)	(2,046)	(3)
Unearned Revenue			(240,870)	(=,- · -)	-
Claims		-		131,310	-
Total Adjustments		382,432	(225,206)	173,966	1,672,495
Net Cash Provided (Used) by Operating Activities	\$	279,597	(318,928)	659,077	1,342,502
Supplemental Disclosure of Noncash Investing,					
Capital, and Financing Activities:					
Contribution of Capital Assets Change in Fair Value of Investments	\$	(13,414)	(3,337)	(100,165)	257,025
Change in Pair value of investilients	_	(13,414)	(3,331)	(100,103)	(4,211)

Police	Communication	Сору	
Garage	Services	Services	Total
12 020	69 722	151 715	7 205 002
13,039 2,772,408	68,732 171,421	151,715 197,976	7,205,992 21,166,134
(773,742)	(91,736)	(313,350)	(12,423,256)
(771,072)	(101,125)	(36,155)	(11,654,875)
(580,991)	(7,593)	(13,653)	(1,645,873)
659,642	39,699	(13,467)	2,648,122
33,333		-	78,150
		=	(33,175)
(121,665)	(7,962)	(25,351)	(1,487,837)
10,835		2,600	193,958
(77,497)	(7,962)	(22,751)	(1,248,904)
(787,411)	-	-	(2,712,630)
59,823	=	-	266,367
=	=	=	292,417
-	-	-	(13,594)
			(2,340)
(727,588)			(2,169,780)
396,516	-	85,525	3,515,148
(204,647)	(20,149)	(42,010)	(2,216,362)
37,399	2,350	8,849	475,484
229,268	(17,799)	52,364	1,774,270
83,825	13,938	16,146	1,003,708
317,734	14,423	66,178	3,242,799
401,559	28,361	82,324	4,246,507
(69,964)	36,619	(27,153)	(101,937)
636,047	1,629	_	2,144,337
28,021	772	381	28,101
(1,119)	1,823	6,079	264,994
7 (7,707)	(1,005)	5,473	89,477 (7,032)
(7,707)	-	_	3,412
72,756	(173)	2,020	149,773
(667)	89	(225)	34,961
(812)	(55)	(42)	151,331
3,080	-	-	2,814
-	-	-	(2,549)
=	=	=	(240,870)
			131,310
729,606	3,080	13,686	2,750,059
659,642	39,699	(13,467)	2,648,122
24.55-			250 500
21,555	(047)	(2.572)	278,580
(12,568)	(967)	(2,572)	(137,234)



#### **AGENCY FUNDS**

Agency funds are used to report fiduciary resources held by the City for individuals, private organizations, or other governments.

<u>Collections Due Other Governments</u> - To account for the collection and payment to:

Airport Authority - Taxes collected on its behalf.

State of Nebraska - Sales tax collections on sales made by the City

of Lincoln and Lottery Tax Collections on Keno

Proceeds to be remitted to the State.

Lincoln Public Schools - Fines, fees, licenses and permits collected on its

behalf.

Department of Housing and

Urban Development- Various bank accounts used for Home

Improvement Loans, Down-payment Assistance and Rental Rehabilitation programs. The City is

the Fiduciary agent for these accounts.

<u>Contractor Deposits</u> - To account for good faith money deposited with the City to assure the completion of special projects. The money will be returned to the contractors upon completion.

Payroll Revolving - To account for payroll liabilities such as taxes and fringes.

Outstanding Warrants - To account for money held by the City to pay outstanding warrants.

<u>Telephone Bill Suspense</u> - To account for the accumulation and disbursement of funds to pay for the City's phone system charges.

<u>Defeased Bond Proceeds</u> - To account for the proceeds from the 1992 Sanitary Sewer Revenue Bonds issued to defease the 1980 Sanitary Sewer Revenue Bonds. The City Treasurer is the Trustee for this bond defeasance.

<u>Joint Antelope Valley Authority</u> – To account for the accumulation and disbursement of funds for the joint administrative entity known as JAVA, created to coordinate planning and implementation of the Antelope Valley Project.

Gateway Center Joint Venture Escrow - To account for funds deposited with the City by the Gateway Shopping Center in fulfillment of a condition of the use permit for expansion of the shopping center. Funds may be drawn upon for construction of roadway improvements for the purpose of controlling the flow of off-site traffic in the "O" street corridor between Cotner Boulevard and 73rd Street.

<u>Public Building Commission Bond Reserve</u> - To account for Bond Reserve funds deposited with the City by the Lancaster County Public Building Commission in association with their Tax Supported Lease Rental Revenue Bonds, Series 2004. The City has agreed to be the Trustee for these Reserve Funds until such time as the Bonds are fully retired.

### COMBINING BALANCE SHEET AGENCY FUNDS AUGUST 31, 2005

		Collections Due Other overnments	Contractor Deposits	Payroll Revolving	Outstanding Warrants	Telephone Bill Suspense
ASSETS						
Cash and Cash Equivalents Investments Receivables: Accrued Interest	\$	83,215	646,478	386,132	2,598,986	16,029
Other		56,441	<del>-</del>	-	<del>-</del>	-
Contractor Retainage			871,919			
Total Assets	_	139,670	1,518,397	386,132	2,598,986	16,029
LIABILITIES						
Warrants Payable Accounts Payable Due to Other Governments Due to Contractors Due to Joint Venture Due to Bondholders		139,670	1,518,397 - -	40,389 345,743 - -	2,598,986	16,029
Total Liabilities	\$	139,670	1,518,397	386,132	2,598,986	16,029

Defeased Bond Proceeds	Gateway Center Joint Venture Escrow	Public Building Commission Bond Reserve	Total
12,373	170,137	1,960,939 931,480	5,874,289 931,480
- - -	1,046	13,105	14,165 56,441 871,919
12,373	171,183	2,905,524	7,748,294
- - - -	- - - - 171,183	- - 2,905,524 - -	2,598,986 56,418 3,390,937 1,518,397 171,183
12,373	- 171 102		12,373
12,373	171,183	2,905,524	7,748,294

### COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS

### FOR THE YEAR ENDED AUGUST 31, 2005

	_	Balance Sep. 1, 2004	Additions	Deductions	Balance Aug. 31, 2005
COLLECTIONS DUE OTHER GOVERNMENTS: Assets:					
Cash and Cash Equivalents	\$	108,797	952,517	978,099	83,215
Receivables		36,645	56,455	36,645	56,455
	=	145,442	1,008,972	1,014,744	139,670
Liabilities:					
Due to Other Governments	\$ =	145,442	768,421	774,193	139,670
CONTRACTOR DEPOSITS:					
Assets:	\$	679,738	142,481	175 741	616 170
Cash and Cash Equivalents Contractor Retainage	Þ	1,004,899	97,147	175,741 230,127	646,478 871,919
Contractor Retainage	_	1,684,637	239,628	405,868	1,518,397
Liabilities:	_				
Due to Contractors	\$ _	1,684,637	239,628	405,868	1,518,397
PAYROLL REVOLVING: Assets:					
Cash and Cash Equivalents	\$ =	364,829	194,923,519	<u>194,902,216</u>	386,132
Liabilities:					
Accounts Payable		353,786	133,805,023	134,118,420	40,389
Due to Other Governments	_	11,043	27,487,345	27,152,645	345,743
	\$ =	364,829	161,292,368	161,271,065	386,132
OUTSTANDING WARRANTS: Assets:					
Cash and Cash Equivalents	\$ _	2,067,380	381,609,771	381,078,165	2,598,986
Liabilities:					
Warrants Payable	\$ =	2,067,380	381,609,771	381,078,165	2,598,986
TELEPHONE BILL SUSPENSE: Assets:					
Cash and Cash Equivalents	\$ =	127,352	710,508	821,831	16,029
Liabilities:					
Accounts Payable	\$ =	127,352	710,508	821,831	16,029

(Continued)

	_	Balance Sep. 1, 2004	Additions	Deductions	Balance Aug. 31, 2005	
DEFEASED BOND PROCEEDS:						
Assets:						
Cash and Cash Equivalents	\$ =	12,373			12,373	
Liabilities:						
Due to Bondholders	\$=	12,373			12,373	
JOINT ANTELOPE VALLEY AUTHORITY						
Assets:						
Cash and Cash Equivalents	\$	205,820	11,410,715	11,616,535	_	
Investments		834,801	-	834,801	-	
	=	1,040,621	11,410,715	12,451,336		
Liabilities:						
Due to Joint Venture	\$ =	1,040,621		1,040,621		
GATEWAY CENTER JOINT VENTURE ESCROV	W:					
Assets:	\$	165,495	5,164	522	170,137	
Cash and Cash Equivalents Receivables	Ф	105,495 869	1,046	869		
Receivables	_	166,364	6,210	1,391	1,046 171,183	
	=	100,501		======	======	
Liabilities:						
Due to Joint Venture	\$_	166,364	4,819		171,183	
PUBLIC BUILDING COMMISSION BOND RESERVE:						
Assets:						
Cash and Cash Equivalents	\$	186	1,960,753	-	1,960,939	
Investments		952,151	-	20,671	931,480	
Receivables		2,191	13,105	2,191	13,105	
	=	954,528	1,973,858	22,862	2,905,524	
Liabilities:						
Due to Other Governments	\$	954,528	1,998,938	47.942	2,905,524	
Due to Outer Governments	Ψ=	754,520	1,770,730		2,703,324	
AGENCY FUND TOTALS:						
Total Assets	\$_	6,563,526	591,883,181	590,698,413	7,748,294	
Total Liabilities	\$=	6,563,526	546,624,453	545,439,685	7,748,294	



### STATISTICAL SECTION

This part of the City of Lincoln's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	127
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	134
These schedules contain information to help the reader assess the City's two most significant local revenue sources; sales tax and property tax.	
Debt Capacity	142
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	148
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	150
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the city provides and the activities it performs.	

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.



### NET ASSETS BY COMPONENT LAST FOUR FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year						
	2005	2004	2003	2002			
Governmental Activities:							
Invested in Capital Assets, Net of Related Debt \$	399,561,548	361,516,579	353,228,671	321,761,052			
Restricted	167,698,499	147,333,934	111,928,216	101,499,367			
Unrestricted	60,366,016	64,026,685	66,785,387	70,508,399			
Total Governmental Activities Net Assets \$	627,626,063	572,877,198	531,942,274	493,768,818			
<del>-</del>							
Business-Type Activities:							
Invested in Capital Assets, Net of Related Debt \$	509,989,903	496,144,600	513,682,743	476,054,560			
Restricted	15,101,637	16,262,952	52,887,433	47,701,632			
Unrestricted	112,544,793	114,643,047	39,215,687	55,451,079			
Total Business-Type Activities Net Assets \$	637,636,333	627,050,599	605,785,863	579,207,271			
<del>-</del>							
Primary Government:							
Invested in Capital Assets, Net of Related Debt \$	909,551,451	857,661,179	866,911,414	797,815,612			
Restricted	182,800,136	163,596,886	164,815,649	149,200,999			
Unrestricted	172,910,809	178,669,732	106,001,074	125,959,478			
Total Primary Government Net Assets \$_	1,265,262,396	1,199,927,797	1,137,728,137	1,072,976,089			

CHANGES IN NET ASSETS LAST FOUR FISCAL YEARS

(accrual basis of accounting)

			Fiscal	Year	
		2005	2004	2003	2002
Expenses					
Governmental Activities:					
General Government	\$	27,955,407	28,475,396	26,781,326	23,530,070
Public Safety		70,432,578	66,461,665	60,312,147	58,784,389
Streets and Highways		20,620,140	24,066,450	21,627,658	21,073,128
Culture and Recreation		23,827,670	23,699,396	23,183,517	21,219,904
Economic Opportunity		17,701,471	16,778,622	18,803,783	14,097,457
Health and Welfare		18,873,394	18,122,416	17,232,211	18,133,340
Mass Transit		9,511,096	8,928,193	8,526,212	8,176,390
Equipment Management		2,012,107	1,017,244	580,423	906,227
Engineering Services		2,073,123	2,139,853	2,517,342	1,810,386
Interest on Long-Term Debt		4,859,767	3,701,385	3,510,748	2,680,738
Total Governmental Activities Expenses		197,866,753	193,390,620	183,075,367	170,412,029
Business-Type Activities:					
Parking Lots		282,945	231,572	184,222	187,586
Golf		3,295,680	3,230,108	3,064,867	2,785,793
Parking Facilities		4,903,338	4,731,301	4,328,388	3,726,638
Municipal Auditorium		2,211,685	2,374,730	2,341,886	2,303,780
Sanitary Landfill		6,767,689	6,446,310	4,390,601	5,428,560
Emergency Medical Services		3,828,891	3,684,221	3,905,011	3,518,764
Wastewater System		16,461,078	15,461,420	13,205,150	12,659,850
Water System		22,249,027	20,169,981	19,144,465	18,206,099
Electric System		171,812,000	163,078,000	155,489,000	161,026,000
Total Business-Type Activities Expenses		231,812,333	219,407,643	206,053,590	209,843,070
Total Primary Government Expenses	<b>\$</b>	429,679,086	412,798,263	389,128,957	380,255,099
n n	_				
Program Revenues					
Governmental Activities:					
Charges for Services:	ф	14266007	14 507 000	12.002.072	12 145 410
General Government	\$	14,366,997	14,507,882	13,883,872	13,145,419
Public Safety		6,336,457	6,136,393	5,797,146	5,780,009
Streets and Highways		6,773,393	4,191,241	881,255	3,140,077
Culture and Recreation		3,088,848	2,792,436	2,700,504	2,455,509
Economic Opportunity		2,458,632	2,573,607	2,334,074	1,945,026
Health and Welfare		3,100,114	2,979,036	2,735,248	2,737,636
Other Activities		4,473,512	3,745,956	4,081,655	4,504,543
Operating Grants and Contributions		36,666,428	59,074,592	43,864,363	56,861,307
Capital Grants and Contributions	_	48,270,586	18,375,380	32,549,986	22,629,262
Total Governmental Activities Program Revenues	_	125,534,967	114,376,523	108,828,103	113,198,788
Business-Type Activities:					
Charges for Services:		4 6 000 0 40	45,000,045	44667000	11000110
Wastewater System		16,920,940	15,980,045	14,665,990	14,926,446
Water System		24,266,844	22,064,193	20,841,857	21,971,839
Electric System		168,487,000	168,868,000	164,974,000	159,415,000
Other Activities		17,350,098	17,896,445	18,765,461	18,398,186
Operating Grants and Contributions		650,300	1,316,900	294,915	3,296
Capital Grants and Contributions	_	9,703,652	8,707,137	7,538,876	6,073,286
Total Business-Type Activities Program Revenues	. —	237,378,834	234,832,720	227,081,099	220,788,053
Total Primary Government Program Revenues	\$ <u></u>	362,913,801	349,209,243	335,909,202	333,986,841
Net (Expense)/Revenue					
Governmental Activities	\$	(72,331,786)	(79,014,097)	(74,247,264)	(57,213,241)
Business-Type Activities		5,566,501	15,425,077	21,027,509	10,944,983
Total Primary Government Net Expense	\$	(66,765,285)	(63,589,020)	(53,219,755)	(46,268,258)
•	_				

(Continued)

		Fiscal Year						
		2005	2004	2003	2002			
General Revenues and Other Changes In								
Net Assets								
Governmental Activities:								
Taxes:								
Property Tax	\$	40,877,070	39,138,647	36,389,326	34,991,750			
Motor Vehicle Tax		4,256,521	4,055,313	3,823,011	3,589,367			
Wheel Tax		9,153,599	8,634,929	7,767,169	7,758,565			
Sales and Use Tax		53,741,266	51,978,978	49,010,546	47,049,405			
Sundry and In Lieu Tax		31,765	36,735	44,810	45,685			
Occupation Tax		9,451,789	9,291,595	8,555,252	9,020,544			
<b>Unrestricted Grants and Contributions</b>		1,577,852	1,597,551	2,970,754	3,425,878			
Unrestricted Investment Earnings		2,800,970	3,163,454	2,157,467	3,495,539			
Miscellaneous General Revenues		1,042,665	590,961	405,066	492,161			
Gain on Sale of Capital Assets		2,857,136	304,974	1,073,191	915,594			
Transfers		1,290,018	1,155,884	224,128	1,104,289			
Total Governmental Activities		127,080,651	119,949,021	112,420,720	111,888,777			
Business-Type Activities:								
Occupation Tax		2,111,731	2,234,490	565,790	-			
Unrestricted Investment Earnings		3,986,941	4,387,629	5,045,047	5,239,848			
Miscellaneous General Revenues		165,585	80,033	92,258	204,685			
Gain on Sale of Capital Assets		44,736	293,726	72,505	148,653			
Transfers		(1,289,760)	(1,156,219)	(224,517)	(1,087,038)			
Total Business-Type Activities		5,019,233	5,839,659	5,551,083	4,506,148			
Total Primary Government	\$	132,099,884	125,788,680	117,971,803	116,394,925			
Change in Net Assets								
Governmental Activities	\$	54,748,865	40,934,924	38,173,456	54,675,536			
Business-Type Activities		10,585,734	21,264,736	26,578,592	15,451,131			
Total Primary Government	<u>\$</u>	65,334,599	62,199,660	64,752,048	70,126,667			
<del>.</del>	_							

#### FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year							
_	2005	2004	2003	2002 1	2001			
General Fund								
Reserved	1,935,693	3,420,876	1,129,488	1,395,664	1,879,514			
Unreserved	29,467,581	32,552,543	35,987,302	36,735,397	30,964,860			
Total General Fund	31,403,274	35,973,419	37,116,790	38,131,061	32,844,374			
All Other Governmental Funds								
Reserved S	55,344,060	85,470,219	68.736.621	72.352.843	55,771,848			
Unreserved, Reported in:	33,344,000	05,470,215	00,730,021	72,332,043	33,771,040			
Special Revenue Funds	46,519,881	31,763,330	18,170,362	24,251,512	43,188,432			
Debt Service Funds	7,070,715	7,344,884	6,135,384	4,866,366	3,646,779			
Capital Projects Funds	27,698,544	18,619,537	24,877,481	25,320,734	16,573,262			
Permanent Funds	8,834,071	8,025,744	6,904,635	5,624,910	6,905,368			
Total All Other Governmental Funds §	145,467,271	151,223,714	124,824,483	132,416,365	126,085,689			

Note:

<sup>&</sup>lt;sup>1</sup> In 2002, StarTran was added as a Governmental Fund.
<sup>2</sup> Lincoln General Hospital was sold adding \$37,000,000 to Reserved Governmental Funds and creating the Community Health Permanent Endowment Fund.

Table 3

		Fiscal Year		
2000	1999 <sup>2</sup>	1998	1997	1996
1,616,391	1,566,905	2,016,607	1,847,435	957,702
32,849,589	26,582,477	24,473,276	26,882,798	22,096,493
34,465,980	28,149,382	26,489,883	28,730,233	23,054,195
			_	
64,461,276	58,767,136	27,905,182	20,932,473	16,196,581
23,634,730	26,087,589	16,878,805	18,295,352	14,169,135
2,306,563	4,082,008	4,864,243	5,233,100	4,602,050
31,308,422	33,543,294	18,406,565	17,625,767	14,385,505
6,301,298	4,403,768	-	-	-
128 012 289	126 883 795	68 054 795	62.086.692	49 353 271

### CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

				Fiscal Year		
	_	2005	2004	2003	2002 1	2001
Revenues						
Taxes:						
Property	\$	40,877,024	38,825,280	36,350,142	35,969,591	30,943,110
Motor Vehicle	Ψ	4,256,521	4,055,313	3,823,011	3,589,367	3,375,770
Wheel		9,153,599	8,634,929	7,767,169	7,758,565	7,569,236
Sales and Use		53,741,266	51,978,978	49,010,546	47,049,405	43,988,822
Sundry and In Lieu		34,888	31,194	44,809	45,685	47,512
Occupation Occupation		9,853,990	9,265,448	8,172,116	9,020,544	7,282,792
Special Assessment		1,400,791	1,965,820	1,946,784	1,705,895	1,808,772
Intergovernmental		63,180,171	58,619,699	52,773,424	59,029,609	48,619,317
Permits and Fees		16,535,049	15,593,326	12,679,623	12,449,879	9,638,475
Reimbursement for Services		6,936,334	6,322,870	6,097,336	5,605,557	5,071,766
Program Income		1,758,999	1,808,012	1,748,959	1,354,481	1,136,720
Investment Earnings		4,327,311	5,207,711	4,353,336	4,606,825	8,005,027
Donations		2,150,197	1,769,777	2,081,127	1,524,145	1,949,751
Keno Proceeds		3,016,301	3,331,968	3,178,094	3,209,235	3,039,664
Miscellaneous		5,102,920	3,278,763	1,225,958	4,237,773	3,020,054
Total Revenues	_	222,325,361	210,689,088	191,252,434	197,156,556	175,496,788
Total Revenues	-	222,323,301	210,000,000	171,232,131	177,130,330	173,170,700
Expenditures						
General Government		32,532,685	30,884,544	28,938,852	27,237,134	23,821,580
Public Safety		58,669,932	55,272,920	50,933,285	49,913,169	48,122,074
Streets and Highways		17,064,845	13,633,902	12,317,663	10,833,055	11,175,059
Culture and Recreation		21,669,847	22,308,940	19,935,823	16,974,798	14,806,760
Economic Opportunity		14,870,592	14,728,510	16,469,645	14,017,601	12,559,336
Health and Welfare <sup>2</sup>		19,126,931	18,544,667	17,614,751	17,989,603	15,862,462
Mass Transit <sup>3</sup>		8,306,921	10,525,090	7,996,019	12,691,837	-
Debt Service						
Principal Retirement		5,536,580	5,003,161	5,498,277	4,974,223	4,966,405
Interest and Fiscal Charges		4,934,088	2,904,318	3,001,504	2,437,266	2,765,418
Miscellaneous		92,325	7,042	7,442	389	10,867
Capital Outlay	_	65,859,750	58,177,933	48,163,988	49,461,878	48,371,432
Total Expenditures	_	248,664,496	231,991,027	210,877,249	206,530,953	182,461,393
Excess (Deficiency) of Revenues						
Over (Under) Expenditures		(26,339,135)	(21,301,939)	(19,624,815)	(9,374,397)	(6,964,605)
Other Financing Sources (Uses)		<u> </u>				
		20.002.4.00	22 251 500	24 (00 70	24 202 204	45.050.066
Transfers In		38,002,168	32,371,598	31,698,768	36,383,394	47,073,066
Transfers Out		(36,757,125)	(31,663,701)	(31,487,832)	(35,321,704)	(50,858,221)
Issuance of Debt		18,655,035	43,799,999	19,347,418	18,580,000	1,390,001
Premiums / Discounts on Debt Issued		26,578	1,912,934	247,703	140,593	_
Transfer to Bond Refunding Agent		(6,504,876)	_	(9,598,350)	-	(631,895)
Sale of Capital Assets	_	2,590,767	136,969	810,955	753,313	584,952
Total Other Financing Sources (Uses)	-	16,012,547	46,557,799	11,018,662	20,535,596	(2,442,097)
Net Change in Fund Balances	\$_	(10,326,588)	25,255,860	(8,606,153)	11,161,199	(9,406,702)
Debt Service as a Percentage of						
Noncapital Expenditures		5.8%	4.6%	5.2%	4.7%	5.8%
Moneapital Expenditures		5.070	4.070	3.4/0	7.770	5.070

Note: <sup>1</sup>GASB 34 implemented.

<sup>&</sup>lt;sup>2</sup> In 1999 Community Health Permanent Endowment Fund added as a Governmental Fund.

<sup>&</sup>lt;sup>3</sup> In 2002 StarTran added as a Governmenal Fund.

Fiscal Year								
2000	1999	1998	1997	1996				
29,736,987	28,908,119	29,290,456	29,059,066	29,408,031				
3,108,906	2,443,832	2,267,776	2,597,825	2,511,779				
7,451,237	7,253,208	7,020,123	6,389,325	4,942,014				
44,099,958	41,713,530	38,520,544	37,410,781	34,995,356				
36,207	58,390	10,437	18,491	18,491				
5,917,801	5,673,130	5,192,341	4,784,643	4,437,464				
1,954,357	2,209,404	2,089,434	2,475,903	2,424,779				
35,807,100	35,600,952	41,035,908	27,424,737	28,195,712				
9,838,029	8,685,268	9,131,287	7,903,461	7,232,033				
4,896,203	4,366,482	3,709,572	5,094,910	4,369,793				
627,374	1,088,531	1,544,039	771,311	53,161				
9,330,374	8,016,026	4,726,874	3,849,287	3,909,205				
2,620,512	659,738	641,838	903,115	1,304,349				
2,870,743	2,805,009	2,586,468	2,534,474	2,749,311				
4,127,567	3,131,133	4,616,810	3,059,150	4,296,575				
162,423,355	152,612,752	152,383,907	134,276,479	130,848,053				
23,529,495	21,891,174	30,170,768	17,791,275	21,642,981				
44,042,882	41,555,922	41,140,827	35,073,010	35,208,168				
9,039,840	9,406,531	8,992,439	10,348,129	8,204,830				
13,958,414	13,254,994	13,111,328	12,655,548	12,475,318				
11,204,029	10,215,261	12,009,990	8,581,741	8,638,263				
13,974,690	11,709,801	10,979,131	9,491,687	8,874,148				
-	-	-	-	-				
5,125,296	5,079,267	5,799,585	5,509,927	4,999,078				
2,781,777	3,682,808	3,753,255	2,288,800	2,461,364				
17,222	418,996	98,292	8,805	7,925				
35,820,347	33,916,861	21,553,188	19,224,011	30,918,177				
159,493,992	151,131,615	147,608,803	120,972,933	133,430,252				
2,929,363	1,481,137	4,775,104	13,303,546	(2,582,199)				
44,844,418	45,896,207	58,531,208	32,372,194	32,259,390				
(50,745,518)	(50,114,170)	(35,661,249)	(35,750,525)	(35,251,151)				
3,431,579	30,020,000	-	8,250,000	2,077,750				
-	(8,134,836)	-	-	-				
1,819,622	602,700	828,203	234,244	253,312				
(649,899)	18,269,901	23,698,162	5,105,913	(660,699)				
2,279,464	19,751,038	28,473,266	18,409,459	(3,242,898)				
6.4%	7.8%	7.7%	7.7%	7.3%				

#### CITY OF LINCOLN, NEBRASKA TOTAL CITY TAXABLE SALES LAST TEN FISCAL YEARS

Fiscal Year Ended August 31,		Total City Taxable Sales	Total Direct Tax Rate
2005	\$	3,834,847,147	0.0150
2004	Ψ	3,735,080,884	0.0150
2003		3,533,640,597	0.0150
2002		3,392,336,361	0.0150
2001		3,242,035,037	0.0150
2000		3,228,281,779	0.0150
1999		3,014,819,988	0.0150
1998		2,814,528,943	0.0150
1997		2,623,812,165	0.0150
1996		2,513,332,391	0.0150

Source: City of Lincoln Treasurer's Office

# SALES TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS LAST TEN FISCAL YEARS

	Direct	Overlapping <sup>1</sup>	
Fiscal Year	City of Lincoln	State of Nebraska	Total Tax Rate
2005	0.015	0.055	0.070
2004	0.015	0.055	0.070
2003	0.015	0.055	0.070
2002	0.015	0.050	0.065
2001	0.015	0.050	0.065
2000	0.015	0.050	0.065
1999	0.015	0.045	0.060
1998	0.015	0.050	0.065
1997	0.015	0.050	0.065
1996	0.015	0.050	0.065

Note: <sup>1</sup> Overlapping rates are those of other governments that apply to consumers within the City of Lincoln.

# CITY OF LINCOLN, NEBRASKA NET TAXABLE SALES BY BUSINESS CLASSIFICATION CURRENT YEAR

			2004	
		Net		Percentage
		Taxable		of Total Net
Business Classification		Sales	Rank	Taxable Sales
Retail Trade	\$	1,662,014,341	1	52.27 %
Accommodation & Food Services		376,834,947	2	11.85
Utilities		228,463,954	3	7.18
Other	_	912,676,450		28.70_
Total		3,179,989,692		100.00 %

Note: Amounts shown are net taxable sales, which includes refunds and does not include motor vehicle net sales. The numbers are only available on a calendar year basis. 2005 amounts are not yet available. Numbers are not available for nine years ago.

Source: Nebraska Department of Revenue

#### ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS

		Real Property		Other Pr	operty		
Fiscal Year Ended August 31,	Residential Property	Commercial Property	Industrial Property	Personal Property	Centrally Assessed Property	Total Taxable Assessed Value	Total Direct Tax Rate
2005 \$	8,727,702,573	\$ 2,897,888,427 \$	\$ 796,208,720 \$	5 560,657,306 \$	156,059,200 \$	13,138,516,226	0.2950
2004	8,402,403,364	2,822,272,108	776,514,907	566,854,120	176,060,893	12,744,105,392	0.2903
2003	7,255,640,292	2,441,220,375	653,768,111	599,272,540	180,686,849	11,130,588,167	0.3145
2002	7,048,688,380	2,236,940,821	618,259,512	634,025,721	186,771,403	10,724,685,837	0.3145
2001	6,273,610,610	2,215,438,753	325,466,678	626,730,328	179,701,486	9,620,947,855	0.3239
2000	6,067,493,586	2,059,764,189	296,602,825	554,008,996	162,771,461	9,140,641,057	0.3239
1999	5,726,511,673	1,900,553,194	232,227,143	528,831,574	131,777,630	8,519,901,214	0.3239
1998	4,863,604,491	1,778,840,558	222,974,320	510,068,845	127,600,539	7,503,088,753	0.3581
1997	4,676,645,258	1,834,275,313	-	412,894,795	112,868,156	7,036,683,522	0.3837
1996	4,508,422,380	1,743,072,079	-	337,134,718	106,692,710	6,695,321,887	0.3996

In 1996 and 1997 the Lancaster County Assessor's Office did not separate Commercial and Industrial Property. Property is assessed at actual value; therefore, the assessed values are equal to actual value. Note:

Source: Lancaster County Assessor's Office

# PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS LAST TEN FISCAL YEARS

					Fiscal	Year				
	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
City of Lincoln										
General Fund	0.1706	0.1692	0.1757	0.1780	0.1869	0.1828	0.2022	0.2232	0.2555	0.2652
Library Fund	0.0490	0.0485	0.0534	0.0522	0.0467	0.0462	0.0460	0.0516	0.0494	0.0504
Social Security Fund	0.0149	0.0143	0.0162	0.0153	0.0158	0.0163	0.0166	0.0179	0.0167	0.0191
Police and Fire Pension Fund	0.0182	0.0149	0.0149	0.0126	0.0109	0.0106	0.0109	0.0067	0.0056	0.0058
Bond Interest and Redemption	0.0423	0.0434	0.0543	0.0564	0.0636	0.0680	0.0482	0.0587	0.0565	0.0591
Total City of Lincoln	0.2950	0.2903	0.3145	0.3145	0.3239	0.3239	0.3239	0.3581	0.3837	0.3996
Overlapping Rates <sup>1</sup>										
School District No. 1	1.3141	1.3011	1.2830	1.2732	1.3684	1.3813	1.3050	1.6308	1.6260	1.5946
Lancaster County	0.2797	0.2683	0.2683	0.2583	0.2643	0.2584	0.2782	0.2966	0.3106	0.3169
Educational Service Unit #18	0.0150	0.0150	0.0150	0.0150	0.0150	0.0150	0.0149	0.0089	0.0081	0.0082
Community Technical College	0.0655	0.0655	0.0655	0.0636	0.0295	0.0334	0.0696	0.0782	0.0840	0.0864
Lower Platte South N.R.D.	0.0323	0.0323	0.0359	0.0365	0.0367	0.0372	0.0389	0.0365	0.0346	0.0346
Railroad Transportation Safety Dist.	0.0260	0.0248	0.0220	0.0221	0.0260	0.0260	0.0260	0.0260	0.0091	0.0096
Agricultural Society of Lancaster County	0.0020	0.0030	0.0012	0.0024	0.0073	0.0032	0.0013	0.0364	0.0364	0.0014
Lancaster County Fairgrounds	0.0042	0.0043	0.0050	0.0052	-	-	-	-	-	-
Public Building Commission	0.0170	0.0170	0.0170	0.0170	0.0170	0.0170	0.0170	0.0170	0.0169	0.0170
Total Overlapping Rates	1.7558	1.7313	1.7129	1.6933	1.7642	1.7715	1.7509	2.1304	2.1257	2.0687

Note: Overlapping rates are those of local and county governments that apply to property owners within the City of Lincoln.

State of Nebraska State Statute 77-3442 limits the maximum levy of ninety cents per one hundred dollars of taxable valuation of property subject to the levy.

Source: Lancaster County Clerk's Office and City of Lincoln Budget Office

#### CITY OF LINCOLN, NEBRASKA PRINCIPAL PROPERTY TAXPAYERS CURRENT YEAR AND NINE YEARS AGO

				2005				1996	
Taxpayer	Type of Business		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	_	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Alltel Communications	Telecommunications	\$	75,992,780	1	0.58 %	\$	60,579,004	1	0.90 %
Kawasaki	Manufacturing	Ψ	72,057,508	2	0.55	Ψ	-	_	-
B & J Partnership Ltd.	Building Management		59,575,597	3	0.45		_	_	_
Ameritas Life Insurance Corp.	Insurance		51,123,462	4	0.39		22,875,320	5	0.34
Chateau Van Dorn LLC	Real Estate Development		46,094,352	5	0.35		,,	-	-
Pfizer	Animal Health		44,443,827	6	0.34		37,549,662	2	0.56
WEA Gateway LLC	Retail Management		44,293,300	7	0.34		33,366,789	3	0.50
Burlington Northern	Railroad		43,686,201	8	0.33		20,552,722	8	0.31
Nebco	Construction / Development		37,492,237	9	0.29		-	-	-
Molex Inc.	Manufacturing		37,414,408	10	0.28		-	-	-
Aquila	Gas Utility		_	-	-		23,294,760	4	0.35
Otto Gaspar	Real Estate Developer		-	-	_		22,770,455	6	0.34
Goodyear Tire & Rubber Co.	Manufacturing		-	-	-		21,833,958	7	0.33
State Farm	Insurance		-	-	-		18,111,241	9	0.27
Cornhusker Square Land Co.	Hotel/Office/Conf Ctr Mgmt	٠ _				-	15,801,940	10	0.24
Total		\$_	512,173,672	=.	3.90 %	\$_	276,735,851	=.	4.14 %

Source: Lancaster County Assessor's Office



# CITY OF LINCOLN, NEBRASKA PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied		Collected w Fiscal Year o		Collections	 Total Collections to Date		
Ended August 31	_	for the Fiscal Year	_	Amount	Percentage of Levy	 in Subsequent Years	 Amount	Percentage of Levy
2005	\$	38,755,995	\$	37,514,748	96.80 %	\$ -	\$ 37,514,748	96.80 %
2004		36,994,112		35,726,509	96.57	1,279,564	37,006,073	100.03
2003		35,007,926		33,676,453	96.20	1,354,738	35,031,191	100.07
2002		33,731,282		32,501,760	96.35	1,327,780	33,829,540	100.29
2001		31,159,364		29,936,079	96.07	1,209,206	31,145,285	99.95
2000		29,603,794		28,665,780	96.83	1,095,639	29,761,419	100.53
1999		27,597,664		26,411,546	95.70	1,099,270	27,510,816	99.69
1998		26,812,692		25,758,577	96.07	1,216,895	26,975,472	100.61
1997		27,022,949		25,894,971	95.83	1,067,616	26,962,587	99.78
1996		26,717,464		25,626,901	95.92	1,180,603	26,807,504	100.34

Note: The fiscal year of the City begins September 1 and ends August 31. Taxes are levied in October. First installments of real estate taxes are delinquent the following April 1, second installments delinquent August 1; personal property taxes are delinquent April 1 and August 1. Delinquent taxes bear 14 percent interest. The figures above include interest and penalties. The figures above do not include motor vehicle in lieu of ad valorem taxes.

### RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

(amounts in thousands, except per capita)

#### Governmental Activities

Fiscal Year	_	General Bonds	_	MIRF Bonds	-	Tax Allocation Bonds	-	Special Assessment Bonds	 Antelope Valley Project Bonds	 Notes Payable	 Capital Leases
2005	\$	95,915	\$	1,770	\$	6,853	\$	-	\$ 9,690	\$ -	\$ 9,475
2004		89,650		2,090		7,075		100	10,255	-	7,785
2003		57,865		2,395		1,294		205	10,810	-	1,680
2002		52,157		2,685		1,845		310	11,080	-	1,818
2001		48,794		2,960		2,244		420	-	-	1,868
2000		52,847		3,200		2,067		690	-	10	1,755
1999		56,821		-		2,184		1,460	-	43	1,823
1998		37,666		-		2,749		2,245	-	77	1,871
1997		40,853		-		3,351		3,345	-	116	2,046
1996		35,762		-		4,413		4,460	-	250	2,161

Note: Details regarding the City's outstanding debt can be found in the notes to the financial staments.

<sup>&</sup>lt;sup>1</sup> See the Schedule of Demographic and Economic Statistics on page 148 for income and population data.

<sup>&</sup>lt;sup>2</sup> \$24,470,000 of Hospital Revenue Bonds were defeased in relation to the sale of Lincoln General Hospital.

Table 12

#### Business-Type Activities

											Net		
	W	/astewate	r		C	ommercia	1			Total	Bonded	Percentage	
Revenue		Project		Notes		Paper		Capital		Primary	Debt Per	of Personal	
Bonds	_	Loan		Payable	_	Notes	_	Leases	C	Bovernment	Capita <sup>1</sup>	Income <sup>1</sup>	
\$ 609,550	\$	-	\$	-	\$	90,173	\$	1,136	\$	824,562	\$ 3455.47	- %	
572,360		-		-		90,173		1,554		781,042	3307.45	-	
499,320		-		-		90,173		1,349		665,091	2823.39	7.79	
430,975		5,593		-		75,000		1,639		583,102	2515.54	7.10	
335,305		6,585		-		65,000		1,326		464,502	2059.07	5.84	
350,120		7,538		-		25,000		140		443,367	2029.17	5.70	
359,310		8,450		-		15,000		153		445,244	2046.75	6.22	
328,190 2		8,580		2,075		45,000		165		428,618	1993.57	6.29	
365,300		8,658		2,075		41,500		508		467,752	2235.99	7.46	
378,230		8,733		2,075		25,000		783		461,867	2240.98	7.66	

#### RATIOS OF GENERAL BONDED DEBT OUTSTANDING

#### LAST TEN FISCAL YEARS

(dollars in thousands, except per capita)

																Ratio of Net Debt
													Net		Net	To Estimated
						Tax		Special	General				General		Bonded	Valuation
Fiscal		General		MIRF	A	Allocation	A	Assessment	Bonded		Sinking		Bonded		Debt Per	of Taxable
Year	_	Bonds	_	Bonds	_	Bonds	_	Bonds	Debt	_	Funds	_	Debt	_	Capita 1	Real Property 2
2005	\$	95,915	\$	1,770	\$	6,853	\$	_	\$ 104,538	\$	13,364	\$	91,174	\$	382.08	0.73 %
2004		89,650		2,090		7,075		100	98,915		13,164		85,751		363.13	0.71
2003		57,865		2,395		1,294		205	61,759		11,114		50,645		214.99	0.49
2002		52,157		2,685		1,845		310	56,997		11,147		45,850		197.80	0.46
2001		48,794		2,960		2,244		420	54,418		7,596		46,822		207.56	0.53
2000		52,847		3,200		2,067		690	58,804		7,432		51,372		235.12	0.61
1999		56,821		-		2,184		1,460	60,465		8,100		52,365		240.72	0.67
1998		37,666		-		2,749		2,245	42,660		12,843		29,817		138.68	0.43
1997		40,853		-		3,351		3,345	47,549		10,888		36,661		175.25	0.56
1996		35,762		_		4,413		4,460	44,635		9,928		34,707		168.40	0.56

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>&</sup>lt;sup>1</sup> Population data can ba found in the Schedule of Demographic and Economic Statistics on page 148.

<sup>&</sup>lt;sup>2</sup> See the Schedule of Assessed Value and Actual Value of Taxable Property on page 137 for property value data.

#### DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT AS OF AUGUST 31, 2005

	Estimated		Direct And
Debt	Percentage		Overlapping Debt
Outstanding	Applicable 1	_	To The City
\$ 104,538,000	100.0 %	\$_	104,538,000
103,935,000	99.5		103,415,000
7,750,000	75.4		5,844,000
8,995,000	85.4		7,682,000
49,345,000	85.4		42,141,000
3,265,000	85.4	_	2,788,000
173,290,000			161,870,000
\$ 277,828,000		\$_	266,408,000
\$	Outstanding  \$ 104,538,000  103,935,000     7,750,000     8,995,000     49,345,000     3,265,000     173,290,000	Debt Outstanding         Percentage Applicable 1           \$ 104,538,000         100.0 %           103,935,000         99.5           7,750,000         75.4           8,995,000         85.4           49,345,000         85.4           3,265,000         85.4           173,290,000         85.4	Debt Outstanding         Percentage Applicable 1           \$ 104,538,000         100.0 % \$           103,935,000         99.5           7,750,000         75.4           8,995,000         85.4           49,345,000         85.4           3,265,000         85.4           173,290,000         85.4

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Lincoln. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Sources: Assessed value data used to estimate applicable percentages provided by the County Assessor's Office. Debt outstanding data provided by each governmental entity.

<sup>&</sup>lt;sup>1</sup> The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the governmental unit's taxable revenue base that is within the City of Lincoln's boundries and dividing it by the unit's total taxable revenue base.

#### PLEDGED REVENUE COVERAGE LAST TEN FISCAL YEARS

(amounts in thousands, except per capita)

		G	Direct	Net		D 1: 0		
		Gross	Operating	Available	D: : 1	Debt Service I	-	
	-	Revenue	Expenses	Revenue	Principal	Interest	Total	Coverage
Wastewater								
	<u>Utili</u>	ty Service Char	-					
2005	\$	18,526,816	10,482,955	8,043,861	1,500,000	2,403,519	3,903,519	2.06
2004		19,071,798	10,042,919	9,028,879	1,750,000	2,133,704	3,883,704	2.32
2003		15,785,843	9,086,469	6,699,374	1,032,500	266,722	1,299,222	5.16
2002		15,731,749	8,632,287	7,099,462	992,500	316,847	1,309,347	5.42
2001		16,663,975	8,087,688	8,576,287	952,500	364,972	1,317,472	6.51
2000		16,741,692	7,707,242	9,034,450	912,500	411,097	1,323,597	6.83
1999		16,286,632	7,591,990	8,694,642	1,255,000	474,743	1,729,743	5.03
1998		15,873,036	7,512,753	8,360,283	1,217,500	554,216	1,771,716	4.72
1997		15,521,150	7,339,135	8,182,015	1,120,000	627,402	1,747,402	4.68
1996		15,158,461	7,082,660	8,075,801	1,070,000	677,886	1,747,886	4.62
Water Syste	e <u>m</u>							
	<u>Utili</u>	ty Service Char	<u>ges</u>					
2005	\$	25,600,740	13,145,665	12,455,075	4,895,000	3,517,932	8,412,932	1.48
2004		22,940,862	12,477,486	10,463,376	3,115,000	2,411,632	5,526,632	1.89
2003		21,533,965	11,631,496	9,902,469	3,010,000	2,898,489	5,908,489	1.68
2002		22,687,789	11,474,433	11,213,356	2,880,000	2,110,590	4,990,590	2.25
2001		22,287,139	10,960,315	11,326,824	2,755,000	2,240,075	4,995,075	2.27
2000		23,823,957	9,812,147	14,011,810	2,640,000	2,361,515	5,001,515	2.80
1999		20,787,797	9,067,262	11,720,535	2,530,000	2,514,373	5,044,373	2.32
1998		21,009,615	8,894,295	12,115,320	2,435,000	2,621,365	5,056,365	2.40
1997		20,426,318	8,161,529	12,264,789	2,345,000	2,730,407	5,075,407	2.42
1996		20,152,071	8,072,097	12,079,974	2,265,000	2,829,751	5,094,751	2.37
Lincoln Ele	ectric Sy	stem						
	<u>Utili</u>	ty Service Char	<u>ges</u>					
2004	\$	169,986,000	113,755,000	56,231,000	12,341,000	20,790,000	33,131,000	1.70
2003		170,410,000	116,151,000	54,259,000	12,646,000	15,235,000	27,881,000	1.95
2002		168,279,000	109,348,000	58,931,000	10,840,000	18,678,000	29,518,000	2.00
2001		162,882,000	117,165,000	45,717,000	11,025,000	15,779,000	26,804,000	1.71
2000		158,052,000	112,111,000	45,941,000	11,163,000	14,516,000	25,679,000	1.79
1999		151,534,000	99,465,000	52,069,000	10,687,000	14,990,000	25,677,000	2.03
1998		148,792,000	100,999,000	47,793,000	10,468,000	15,104,000	25,572,000	1.87
1997		137,795,000	89,127,000	48,668,000	8,535,000	13,656,000	22,191,000	2.19
1996		136,522,000	83,418,000	53,104,000	8,227,000	13,965,000	22,192,000	2.39
1995		134,865,000	91,891,000	42,974,000	7,943,000	14,241,000	22,184,000	1.94

(Continued)

			Direct	Net				
		Gross	Operating	Available		Debt Service R		
	_	Revenue	Expenses	Revenue	Principal	Interest	Total	Coverage
C.16								
<u>Golf</u>	Б	acility and Cou	waa Eaaa					
2005	<u>r</u> \$	3,135,875	2,568,462	567,413	295,000	83,823	378,823	1.50
2003	Ф	2,899,670	2,467,141	432,529	293,000	91,653	381,653	1.13
2004		2,648,552	2,408,947	239,605	280,000	98,513	378,513	0.63
2003		2,673,078	2,408,947	531,371	305,000	75,628	380,628	1.40
2002		2,675,078	2,141,707	485,739	230,000	239,088	380,028 469,088	1.40
2001								
2000 1999		2,934,568	1,952,906	981,662	215,000	252,310	467,310	2.10
1999 1998		2,527,564	1,656,746	870,818	200,000	264,310	464,310	1.88
		2,337,800	1,493,277	844,523	190,000	275,520	465,520	1.81
1997		2,414,843	1,620,120	794,723	180,000	285,960	465,960	1.71
1996		2,230,817	1,718,630	512,187	170,000	295,650	465,650	1.10
Parking I	Facilities 1,	2						
	]	Parking Fees						
2005	\$	6,219,935	2,972,709	3,247,226	1,140,000	850,501	1,990,501	1.63
2004		6,299,598	2,733,492	3,566,106	1,145,000	908,456	2,053,456	1.74
2003		5,988,240	2,304,632	3,683,608	1,085,000	962,829	2,047,829	1.80
2002		5,483,546	1,964,389	3,519,157	1,115,000	924,470	2,039,470	1.73
2001		5,172,264	2,127,350	3,044,914	795,000	787,419	1,582,419	1.92
2000		4,853,708	1,393,637	3,460,071	455,000	761,521	1,216,521	2.84
1999		4,209,988	2,329,165	1,880,823	585,000	640,712	1,225,712	1.53
1998		4,068,991	1,340,709	2,728,282	455,000	651,694	1,106,694	2.47
1997		3,623,705	1,110,085	2,513,620	435,000	670,847	1,105,847	2.27
1996		3,411,735	1,271,655	2,140,080	415,000	908,380	1,323,380	1.62
	W II - D							
Antelope	Valley Pro	-	<b>4</b>					
2005		elopment Fund		1 000 000	565,000	100 (15	000 (15	1.01
2005	\$	1,000,000 1,000,000	-	1,000,000 1,000,000	565,000	423,615	988,615	1.01
2004 2003		1,000,000	-	1,000,000	555,000 270,000	435,663 445,711	990,663 715,711	1.01 1.40
2003		1,000,000	-	1,000,000	270,000	443,/11	/13,/11	1.40
2002		1,000,000	-	1,000,000	-	-	-	_
2001		-	-	-	-	-	-	-
2000 1999		-	-	-	-	-	-	-
1999		-	-	-	-	-	-	-
1997		-	-	-	-	-	-	-
1996		_	_	_	_	_	_	_
1770		_	_	_	_	-	_	_

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Direct Operating Expenses do not include interest, depreciation and amortization expenses, or in lieu of taxes.

<sup>\*</sup> City of the Primary Class Redevelopment Fund provides for annual appropriations from a cigarette tax imposed by the State of Nebraska. Should these funds be insufficient to pay principal and interest the City has covenanted to use City sales tax receipts.

<sup>&</sup>lt;sup>1</sup> Parking Facilities' gross reveneus include parking meter revenues which were deposited to the General Fund but are pledged per bond ordinance.

<sup>&</sup>lt;sup>2</sup> Information in this schedule does not agree with information in the transmittal letter which is calculated in accordance with specific requirements of the bond covenants.

#### CITY OF LINCOLN, NEBRASKA DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

Fiscal Year	Population <sup>1</sup>	Personal Income (thousands of dollars) <sup>2</sup>	Per Capita Personal Income <sup>2</sup>	School Enrollment <sup>3</sup>	Unemployment Rate <sup>4</sup>
2005	238,625	\$ -	-	32,505	3.4 %
2004	236,146	-	-	32,270	3.7
2003	235,565	8,533,237	30,855	31,889	3.6
2002	231,800	8,217,682	30,093	31,867	3.0
2001	225,588	7,947,494	29,447	31,581	2.6
2000	218,497	7,774,823	29,045	31,354	2.7
1999	217,537	7,158,353	27,127	31,052	1.9
1998	215,000	6,815,249	26,110	31,000	1.5
1997	209,192	6,271,176	24,363	30,924	1.7
1996	206,100	6.029.279	23.746	30.779	2.4

Median age from 2000 census was 31.3 years old. Education statistics per the 2000 census indicate that 90.2% of the population 25 years and older has a high school degree or greater with 33.3% of the same population holding a Bachelor's degree or greater.

Sources: <sup>1</sup> Lincoln/Lancaster Planning Department. <sup>2</sup> U.S. Department of Commerce Bureau of Economic Analysis. Personal Income and Per Capita Income are based on Lincoln Metropolitan Statistical Area, which includes all of Lancaster and Seward Counties. 2004 and 2005 numbers are unavailable.

<sup>&</sup>lt;sup>3</sup> Lincoln Public Schools.

<sup>&</sup>lt;sup>4</sup> State of Nebraska, Department of Labor.

# CITY OF LINCOLN, NEBRASKA PRINCIPAL EMPLOYERS CURRENT YEAR

		2005	
			Percentage
			of Total City
Employer	Employees	Rank	Employment
State of Nebraska	10,027	1	5.94 %
Lincoln Public Schools	7,158	2	4.24
University of Nebraska-Lincoln	5,500	3	3.26
BryanLGH Medical Center	4,085	4	2.42
US Government	2,783	5	1.65
City of Lincoln	2,704	6	1.60
Saint Elizabeth Regional Medical Center	2,452	7	1.45
Burlington Northern	1,700	8	1.01
B&R Stores, Inc.	1,453	9	0.86
Kawasaki Motors Mfg. Corp.	1,340_	10	0.79
Total	39,202		23.22 %

Sources: Nebraska Department of Labor, Lincoln Partnership for Economic Development, and Employers.

## CITY OF LINCOLN, NEBRASKA FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION LAST TEN FISCAL YEARS

Full-Time Equivalent Employees as of August 31

	Full-Time Equivalent Employees as of August 31									
	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Function										
General Government										
Legislative	9.00	9.00	9.00	9.00	9.00	7.00	7.00	7.00	7.00	9.00
Executive	28.10	28.10	27.50	27.68	26.63	24.71	25.00	26.74	25.10	28.18
Financial Administration	73.00	73.00	72.00	74.00	74.00	75.00	76.60	81.98	81.75	78.50
Law	28.50	28.50	28.46	27.50	27.75	26.88	27.50	25.50	24.50	24.50
Personnel Administration	22.38	22.38	21.00	21.40	21.38	21.40	21.73	22.23	22.73	22.50
Planning and Zoning	21.08	21.00	20.25	21.00	21.00	21.00	19.00	19.00	19.00	19.00
Urban Development	11.83	10.93	9.23	9.65	8.80	7.65	7.65	8.15	7.20	23.65
Public Safety										
Police	407.33	405.75	392.50	396.25	392.65	386.90	379.90	379.94	357.87	350.75
Fire	263.48	259.06	255.07	253.77	255.65	256.50	259.50	265.50	265.50	255.75
Building and Safety	65.00	62.00	61.00	62.50	60.84	58.50	56.60	56.00	56.00	56.00
Transportation	21.33	20.50	20.50	20.50	20.58	22.38	22.60	20.35	19.95	26.15
911 Communication	39.50	39.50	35.50	35.25	34.85	33.90	32.90	33.90	31.75	30.75
Streets and Highways	110.01	108.02	106.00	106.52	101.20	97.43	97.80	99.30	107.30	102.50
Culture and Recreation										
Parks and Recreation	276.94	271.95	264.25	265.16	250.49	245.54	245.54	247.75	239.09	234.39
Library	124.17	124.17	124.16	120.63	101.76	101.45	101.42	101.92	102.92	102.92
Economic Opportunity										
Lincoln Area Agency on Aging	68.42	69.42	68.22	71.95	71.87	69.72	68.93	69.93	66.44	66.70
Urban Development	14.39	15.80	18.28	15.95	13.95	13.71	13.32	11.25	15.24	19.95
Workforce Investment Act	5.54	3.82	4.24	5.15	5.00	-	-	-	-	-
Job Training Partnership Act	-	-	_	-	-	6.98	6.15	5.68	6.20	7.00
Health and Welfare	124.85	120.55	125.95	124.35	124.85	121.12	119.20	117.43	124.65	119.90
Mass Transit	113.00	112.00	111.00	113.00	115.00	112.67	114.00	111.25	111.00	112.00
Equipment Management										
Police Garage	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Fleet Services	17.38	17.38	17.38	17.38	16.38	15.88	15.70	16.00	17.00	18.50
Radio Maintenance	6.00	6.00	6.00	7.00	7.00	5.25	5.25	4.55	4.25	4.25
Engineering Services	76.00	75.45	74.45	73.05	71.30	71.83	70.95	73.40	69.10	71.85
Golf	32.55	32.32	32.78	33.88	31.64	31.44	29.36	29.47	31.35	30.39
Parking Facilities	1.60	1.60	1.60	1.70	1.70	1.55	1.55	1.55	2.05	2.70
Lincoln General Hospital	-	-	-	-	-	-	-	900.00	830.00	876.00
Municipal Auditorium	11.00	12.00	12.00	12.00	13.00	13.00	13.00	13.00	13.00	13.00
Sanitary Landfill	30.85	30.85	29.35	29.35	29.25	29.25	28.75	28.75	26.75	26.20
Emergency Medical Services	30.52	37.43	35.43	35.73	18.34	-	-	-	-	-
Wastewater System	95.44	95.19	96.85	98.05	97.65	99.50	102.49	108.09	110.09	110.84
Water System	112.26	111.76	108.63	109.38	106.65	104.40	103.40	104.80	108.20	107.50
Electric System	447.50	446.50	435.00	421.00	415.00	409.50	402.50	396.00	394.50	398.50
	2,703.95	2,686.93	2,638.58	2,634.73	2,560.16	2,507.04	2,490.29	3,401.41	3,312.48	3,364.82

Note: In 1997 the Property Management Section of Urban Development was transferred to Lancaster County for staffing of the Public Building Commission.

The Job Training Partnership Act was replaced by the Workforce Investment Act in 2001.

Lincoln General Hospital was sold during the fiscal year ended August 31, 1998.

Emergency Medical Services began mid-year of 2001.

Source: City of Lincoln Budget Office

#### CITY OF LINCOLN, NEBRASKA OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

Fiscal Year 2005 2004 2003 2002 2001 1999 1998 1997 1996 2000 **Function** Public Safety Police: 24,609 23,298 22,339 23,523 23,513 22,638 21,262 21,180 19,498 19,745 Arrests Parking Violations 80,071 91,529 101,537 108,286 110,495 116,371 105,250 115,435 98,058 93,639 Traffic Violations 54,260 48,818 57,732 48,250 52,843 49,470 44,824 47,663 42,663 45,239 Number of Calls Answered 17,931 13,794 12,960 11,969 18,443 19,557 20,314 19,472 13,381 13,243 Building and Safety: 1,092 1,036 1,148 1,093 1,107 Number of Commercial Building Permits 1,061 1,013 1,017 1,069 1,212 Number of Residential Building Permits 3,387 3,846 3,913 3,405 3,212 3,385 3,235 3,109 3,284 2,976 Culture and Recreation Library: Total Circulation (thousands) 3,076 3,077 3,016 2,751 2,307 2,293 2,261 2,250 2,179 2,028 Golf: Rounds of Golf 185,236 182,296 174,548 181,319 173,594 210,783 200,977 194,039 217,026 210,482 Mass Transit StarTran Ridership (thousands) 1,679 1,553 1,529 1,581 1,603 1,589 1,663 1,705 1,703 1,747 Wastewater Number of Consumers 74,326 72,753 70,651 69,292 67,916 66,665 65,521 67,217 63,207 62,196 Water 74,649 73,059 69,704 66,956 63,241 62,942 Number of Consumers 72,260 68,187 65,823 64,423 Average Daily Consumption (thousand gallons) 37,867 35,141 37,520 40,091 39,698 41,821 34,737 34,600 35,300 33,200 Electric System Number of Consumers 121,508 119,456 116,974 114,388 112,247 110,414 108,194 105,970 103,616 101,277

Note: Indicators are not available for the general government function

Sources: Various City Departments

# CITY OF LINCOLN, NEBRASKA CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN FISCAL YEARS

					Fisca	l Year				
	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Function										
Public Safety										
Police Stations	2	2	2	1	1	1	1	1	1	1
Fire Stations	14	14	14	14	14	14	14	14	14	13
Ambulances	11	11	11	11	11	-	-	_	-	_
Streets and Highways										
Lane Miles of Streets <sup>1</sup>	2,420	2,818	2,791	2,729	2,678	2,268	2,170	2,101	2,076	2,041
Streetlights	26,654	25,973	25,196	24,677	24,270	23,551	22,699	22,510	21,848	21,319
Culture and Recreation										
Parks Acreage	6,748	5,891	5,779	5,455	5,474	6,280	6,190	6,051	5,420	6,500
Parks	116	114	112	105	102	100	98	98	93	78
Playgrounds	83	86	85	81	80	78	80	78	78	78
Swimming Pools (Public)	11	11	11	11	11	11	11	10	10	10
Golf Courses (Public)	5	5	5	5	5	5	5	5	5	5
Trail Miles	99	84	83	80	90	89	77	77	76	73
Recreation Centers	8	8	8	8	8	8	8	8	8	8
Libraries	8	8	8	8	7	7	7	7	7	7
Mass Transit										
Buses and Handivans	69	66	66	65	66	65	65	65	65	65
Wastewater										
Miles of Wastewater Mains	960	935	909	875	868	857	832	812	801	781
Water										
Miles of Water Mains	1,164	1,132	1,104	1,085	1,065	1,060	1,023	1,000	980	969

Note: No capital asset indicators are available for the general government function

<sup>1</sup> In 2005, the qualifications for Lane Miles of Streets were reassessed.

Sources: Various City Departments

### SINGLE AUDIT SECTION

# CITY OF LINCOLN, NEBRASKA SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FISCAL YEAR ENDED AUGUST 31, 2005

Property		Federal CFDA				
Pass   Transger Nortenka Sinter Parts   Righ Intensity Drug Trafficking Avea   6,2 18,2 18,2 18,2 18,2 18,2 18,2 18,2 18	Federal Grantor/Pass-Through Grantor/Program Title	Number	Grant Number		Federal Expe	nditures
High laminity Drug Trafficing Area   Figh lami						
Part		07	I4PMWP634	\$	57 180	
Past   Though State Department Of Health And Human Screises   Special Supplement Mutation Program for Women, Infant & Children   10.57   2002   \$ 3.73     Special Supplement Mutation Program for Women, Infant & Children   10.55   2015   2015   2012   2012   2012     Samar Food Service Program for Children   10.50   2018						58,005
Past   Though State Department Of Health And Human Screises   Special Supplement Mutation Program for Women, Infant & Children   10.57   2002   \$ 3.73     Special Supplement Mutation Program for Women, Infant & Children   10.55   2015   2015   2012   2012   2012     Samar Food Service Program for Children   10.50   2018	ILS DEPARTMENT OF ACRICULTURE					
Special Supplemental Nation Programs for Women, Infants & Children   10.577   201   3.231   2.231						
Secretar Supplemental Nation Program for Women, Infantas & Children   10.579   60.48		10.557	2002	\$	373	
Sammer Food Service Program for Children   10.559   604-804   6.978   41.991   48.960	Special Supplemental Nutrition Program for Women, Infants & Children	10.557	2004		54,391	
Summer Food Service Programs for Children   10.509   605-805   41.909   41.900   10.000   1	Special Supplemental Nutrition Program for Women, Infants & Children	10.557	2005		397,467	452,231
Summer Food Service Programs for Children   10.509   605-805   41.909   41.900   10.000   1	Summer Food Service Program for Children	10.559	6/04-8/04		6,978	
Total U.S. Department Of Agriculture		10.559	6/05-8/05		41,991	48,969
Total U.S. Department Of Agriculture	Nutrition Program for the Elderly (Commodities)	10.570				139.341
Past-Though University of Nebraka - Lanceln: Technology Opportunities Program   11.552   31.60.103013   \$30.00   17.434   \$6.43					_	
Paul Though University of Nebraka - Lincoln:   Technology Opportunities Program	Total U.S. Department Of Agriculture				\$_	640,541
Technology Opportunities Program						
Technology Opportunities Program   1,532   2,5016,0020,003   17,434   5,86,434			24 60 402042		20.000	
Discrimentation of Housing And Durana Development   14.170				\$		56 121
Direct Programs	reciniology Opportunities riogram	11.332	23-0110-0020-003		17,434 p	30,434
Congregate Housing Services Program (Burke Plaza)   102,096   14,170   NE26 G940 001   14,200   102,096   14,200   102,096   14,200   102,096   14,200   102,096   14,200						
14.170   NE26-G940-002   41.920   102.696	ě	14 170	NE26 C040 001	¢	(0.77(	
Community Development Block Grant   14218   B-04 MC-31-0001   3,344,827				\$		102 696
Emergency Shelter Grant Program	Congregate Housing Services Frogram (Burke Fraza)	14.170	NE20-G740-002	_	41,720	102,070
HOME Investment Partnerships Program	Community Development Block Grant	14.218	B-04 MC-31-0001			3,344,827
Community Development Block Grants/Economic Development Initiative   14.246   B-99-SP-NE-1085   42.034	Emergency Shelter Grant Program	14.231	S-04 MC-310002			79,836
Pass-Through State Department Of Health And Human Services:   Lead-Based Paint Hazard Control in Privately-Owned Housing   14.900   2004   6.123   2.242   8.365     Lead-Based Paint Hazard Control in Privately-Owned Housing   14.900   2005   2.242   8.365     Total U.S. Department Of Housing And Urban Development   14.900   2005   2.242   8.365     Total U.S. Department Of Housing And Urban Development   15.900   2005   2.242   8.365     Total U.S. Department Of Housing And Urban Development   15.900   2005   2.242   8.365     Total U.S. DEPARTMENT OF INTERIOR   2005   2004   2005   2004     Pass-Through State Historical Society:   2005   2004   2005   2004   2005   2004     Historical Preservation Fund Grants-in-Aid   15.900   40/05   2004   2005   2004     Historical Preservation Fund Grants-in-Aid   15.900   40/05   2004   2005   2004     Historical Preservation Fund Grants-in-Aid   15.900   40/05   2004   2005   2004     Historical Preservation Fund Grants-in-Aid   15.900   40/05   2004   2004   2005   2004     Historical Preservation Fund Grants-in-Aid   15.900   40/05   2004   2004   2005   2004     Historical Preservation Fund Grants-in-Aid   15.900   2004   2004   2004   2004   2004     Public Safety Partnership and Community Policing Grant (Cops Ahead)   16.710   2004   20	HOME Investment Partnerships Program	14.239	M-04 MC-31-0202			1,565,623
Pass-Through State Department Of Health And Human Services:   Lead-Based Paint Hazard Control in Privately-Owned Housing   14,900   2005   2,242   8,365     Total U.S. Department Of Housing And Urban Development   14,900   2005   2,242   8,365     Total U.S. Department Of Housing And Urban Development   14,900   2005   2,242   8,365     Total U.S. Department Of Housing And Urban Development   14,900   2005   2,242   8,365     Total U.S. Department Of Housing And Urban Development   2,202,193     U.S. DEPARTMENT OF INTERIOR   2,202,193     U.S. DEPARTMENT OF INTERIOR   15,904   04,05   13,130   2,23,598     U.S. DEPARTMENT OF JUSTICE   15,904   05,06   13,130   2,23,598     U.S. DEPARTMENT OF JUSTICE   2,204,18,18,19,19,19,19,19,19,19,19,19,19,19,19,19,	Community Development Block Grants/Economic Development Initiative	14.246	B-99-SP-NE-1085			42,034
Lead-Based Paint Hazard Control in Privately-Owned Housing	Fair Housing Assistance Program - State and Local	14.401	FF207K007017			58,812
Lead-Based Paint Hazard Control in Privately-Owned Housing	Dogo Through State Department Of Health And Human Sarriage					
Lead-Based Paint Hazard Control in Privately-Owned Housing And Urban Development         14,900         2005         2,242         8,365           Total U.S. Department Of Housing And Urban Development         \$ 5,202,193           U.S. DEPARTMENT OF INTERIOR           Pass-Through State Historical Society:           Historical Preservation Fund Grants-in-Aid         15,904         0.405         10,468         1,313         \$ 23,598           U.S. DEPARTMENT OF JUSTICE           U.S. DEPA		14 900	2004		6.123	
U.S. DEPARTMENT OF INTERIOR           Pass-Through State Historical Society:         Historical Preservation Fund Grants-in-Aid         15.904         04/05         \$ 10,468         \$ 23,598           U.S. DEPARTMENT OF JUSTICE           Direct Programs:           Local Law Enforcement Block Grant         16.592         2004-LB-BX-0905         \$ 9,769           Public Safety Partnership and Community Policing Grant (Cops Ahead)         16.710         95-CC-WX-0426         28,710           Public Safety Partnership and Community Policing Grant (Cops Universal Hirring)         16.710         2001/ULWX0017         352,072           Public Safety Partnership and Community Policing Grant (Cops Universal Hirring)         16.710         2004/ULWX0018         25,064           Public Safety Partnership and Community Policing Grant (Cops Interoperable Communications)         16.710         2004/ULWX0018         25,064           Public Safety Partnership and Community Policing Grant (Cops Interoperable Communications)         16.710         2004/UWX0014         1,887         407,733           Pass-Through Lancaster County:           Violence Against Women Formula Grants         16.588         02-VW-719 (03)         27,951         34,468           Grants to Encourage Arrest Policies and Enforcement of Protection Orders (VAWA Interpreters) <td>·</td> <td></td> <td></td> <td></td> <td></td> <td>8,365</td>	·					8,365
U.S. DEPARTMENT OF INTERIOR           Pass-Through State Historical Society:         Historical Preservation Fund Grants-in-Aid         15.904         04/05         \$ 10,468         \$ 23,598           U.S. DEPARTMENT OF JUSTICE           Direct Programs:           Local Law Enforcement Block Grant         16.592         2004-LB-BX-0905         \$ 9,769           Public Safety Partnership and Community Policing Grant (Cops Ahead)         16.710         95-CC-WX-0426         28,710           Public Safety Partnership and Community Policing Grant (Cops Universal Hirring)         16.710         2001/ULWX0017         352,072           Public Safety Partnership and Community Policing Grant (Cops Universal Hirring)         16.710         2004/ULWX0018         25,064           Public Safety Partnership and Community Policing Grant (Cops Interoperable Communications)         16.710         2004/ULWX0018         25,064           Public Safety Partnership and Community Policing Grant (Cops Interoperable Communications)         16.710         2004/UWX0014         1,887         407,733           Pass-Through Lancaster County:           Violence Against Women Formula Grants         16.588         02-VW-719 (03)         27,951         34,468           Grants to Encourage Arrest Policies and Enforcement of Protection Orders (VAWA Interpreters) <td>Total U.S. Department Of Housing And Urban Development</td> <td></td> <td></td> <td></td> <td>\$</td> <td>5 202 193</td>	Total U.S. Department Of Housing And Urban Development				\$	5 202 193
Pass-Through State Historical Society:   Historical Preservation Fund Grants-in-Aid   15.904   04/05   \$ 10.468     Historical Preservation Fund Grants-in-Aid   15.904   05/06   \$ 13.130   \$ 23.598     U.S. DEPARTMENT OF JUSTICE     U.S. DEPARTMENT OF JUSTICE     Direct Programs:   Local Law Enforcement Block Grant   16.592   2004-LB-BX-0905   \$ 9,769     Public Safety Partnership and Community Policing Grant (Cops Ahead)   16.710   95-CC-WX-0426   28,710     Public Safety Partnership and Community Policing Grant (Cops Universal Hiring)   16.710   2001ULWX0017   352,072     Public Safety Partnership and Community Policing Grant (Cops Universal Hiring)   16.710   2004ULWX0018   25,064     Public Safety Partnership and Community Policing Grant (Cops Universal Hiring)   16.710   2004ULWX0014   1.887   407,733     Pass-Through Lancaster County:   Violence Against Women Formula Grants   16.588   02-VW-719 (03)   27,951     Violence Against Women Formula Grants   16.588   02-VW-719 (05)   6.517   34,468     Grants to Encourage Arrest Policies and Enforcement of Protection Orders (VAWA Interpreters)   16.590   2004-WE-AZ-0049   33,690     Pass-Through Nebraska State Patrol:   Missing Children's Assistance (Internet Crimes Against Children)   16.543   04-IC-03   12,429     Public Safety Partnership and Community Policing Grant (Methamphetamine Initiative)   16.710   03-ME-03   20,000	·				φ_	3,202,193
Historical Preservation Fund Grants-in-Aid   15.904   04/05   10,468   13,130   \$ 23,598						
Historical Preservation Fund Grants-in-Aid 15.904 05.06 13.130 \$ 23.598    U.S. DEPARTMENT OF JUSTICE  Direct Programs:  Local Law Enforcement Block Grant   16.592 2004-LB-BX-0905 \$ 9,769    Public Safety Partnership and Community Policing Grant (Cops Ahead) 16.710 95-CC-WX-0426 28,710    Public Safety Partnership and Community Policing Grant (Cops Universal Hiring) 16.710 2001ULWX0017 352,072    Public Safety Partnership and Community Policing Grant (Cops Universal Hiring) 16.710 2004ULWX0018 25,064    Public Safety Partnership and Community Policing Grant (Cops Interoperable Communications) 16.710 2004ULWX0014 1,887 407,733    Pass-Through Lancaster County:  Violence Against Women Formula Grants 16.588 02-VW-719 (03) 27,951   Violence Against Women Formula Grants 16.588 02-VW-719 (05) 6.517 34,468    Grants to Encourage Arrest Policies and Enforcement of Protection Orders (VAWA Interpreters) 16.590 2004-WE-AZ-0049 33,690    Pass-Through Nebraska State Patrol:  Missing Children's Assistance (Internet Crimes Against Children) 16.540 04-IC-03 20,000    Public Safety Partnership and Community Policing Grant (Methamphetamine Initiative) 16.710 03-ME-03 20,000    Public Safety Partnership and Community Policing Grant (Methamphetamine Initiative) 16.710 03-ME-03 20,000		15 904	04/05	\$	10.468	
Direct Programs:  Local Law Enforcement Block Grant  16.592 2004-LB-BX-0905 \$ 9,769  Public Safety Partnership and Community Policing Grant (Cops Ahead)  Public Safety Partnership and Community Policing Grant (Cops Universal Hiring)  Public Safety Partnership and Community Policing Grant (Cops Universal Hiring)  Public Safety Partnership and Community Policing Grant (Cops Universal Hiring)  Public Safety Partnership and Community Policing Grant (Cops Universal Hiring)  Pass-Through Lancaster County:  Violence Against Women Formula Grants  Violence Against Women Formula Grants  Formula Grants  Grants to Encourage Arrest Policies and Enforcement of Protection Orders (VAWA Interpreters)  Pass-Through Nebraska State Patrol:  Missing Children's Assistance (Internet Crimes Against Children)  Public Safety Partnership and Community Policing Grant (Methamphetamine Initiative)  16.543 04-IC-03  2004-LB-BX-0905  \$ 9,769  28,710  28,710  28,710  2004-UL-WX0017  352,072  407,733  27,951  407,733  27,951  407,733  27,951  407,733  27,951  407,733  27,951  407,733  408  407,733  409  409  409  409  409  409  409  4				Ψ		23,598
Direct Programs:  Local Law Enforcement Block Grant  16.592 2004-LB-BX-0905 \$ 9,769  Public Safety Partnership and Community Policing Grant (Cops Ahead)  Public Safety Partnership and Community Policing Grant (Cops Universal Hiring)  Public Safety Partnership and Community Policing Grant (Cops Universal Hiring)  Public Safety Partnership and Community Policing Grant (Cops Universal Hiring)  Public Safety Partnership and Community Policing Grant (Cops Universal Hiring)  Pass-Through Lancaster County:  Violence Against Women Formula Grants  Violence Against Women Formula Grants  Formula Grants  Grants to Encourage Arrest Policies and Enforcement of Protection Orders (VAWA Interpreters)  Pass-Through Nebraska State Patrol:  Missing Children's Assistance (Internet Crimes Against Children)  Public Safety Partnership and Community Policing Grant (Methamphetamine Initiative)  16.543 04-IC-03  2004-LB-BX-0905  \$ 9,769  28,710  28,710  28,710  2004-UL-WX0017  352,072  407,733  27,951  407,733  27,951  407,733  27,951  407,733  27,951  407,733  27,951  407,733  408  407,733  409  409  409  409  409  409  409  4						
Local Law Enforcement Block Grant  16.592 2004-LB-BX-0905 \$ 9,769  Public Safety Partnership and Community Policing Grant (Cops Ahead)  Public Safety Partnership and Community Policing Grant (Cops Universal Hiring)  Public Safety Partnership and Community Policing Grant (Cops Universal Hiring)  Public Safety Partnership and Community Policing Grant (Cops Universal Hiring)  Public Safety Partnership and Community Policing Grant (Cops Universal Hiring)  Pass-Through Lancaster County:  Violence Against Women Formula Grants  Violence Against Women Formula Grants  Grants to Encourage Arrest Policies and Enforcement of Protection Orders (VAWA Interpreters)  Pass-Through Nebraska State Patrol:  Missing Children's Assistance (Internet Crimes Against Children)  Pass-Through Children's Assistance (Internet Crimes Against Children)  Pass-Through Nebraska State Patrol:  Missing Children's Assistance (Internet Crimes Against Children)  16.543 04-IC-03  2004-WE-AZ-0049  20,000						
Public Safety Partnership and Community Policing Grant (Cops Universal Hiring) 16.710 2001ULWX0017 352,072 Public Safety Partnership and Community Policing Grant (Cops Universal Hiring) 16.710 2004ULWX0018 25,064 Public Safety Partnership and Community Policing Grant (Cops Interoperable Communications) 16.710 2004UNWX0014 1.887 407,733  Pass-Through Lancaster County: Violence Against Women Formula Grants 16.588 02-VW-719 (03) 27,951 Violence Against Women Formula Grants 16.588 02-VW-719 (05) 6,517 34,468  Grants to Encourage Arrest Policies and Enforcement of Protection Orders (VAWA Interpreters) 16.590 2004-WE-AZ-0049 33,690  Pass-Through Nebraska State Patrol: Missing Children's Assistance (Internet Crimes Against Children) 16.543 04-IC-03 20,000	Ę.	16.592	2004-LB-BX-0905	\$		9,769
Public Safety Partnership and Community Policing Grant (Cops Universal Hiring) 16.710 2001ULWX0017 352,072 Public Safety Partnership and Community Policing Grant (Cops Universal Hiring) 16.710 2004ULWX0018 25,064 Public Safety Partnership and Community Policing Grant (Cops Interoperable Communications) 16.710 2004UNWX0014 1.887 407,733  Pass-Through Lancaster County: Violence Against Women Formula Grants 16.588 02-VW-719 (03) 27,951 Violence Against Women Formula Grants 16.588 02-VW-719 (05) 6,517 34,468  Grants to Encourage Arrest Policies and Enforcement of Protection Orders (VAWA Interpreters) 16.590 2004-WE-AZ-0049 33,690  Pass-Through Nebraska State Patrol: Missing Children's Assistance (Internet Crimes Against Children) 16.543 04-IC-03 20,000		46.740			******	
Public Safety Partnership and Community Policing Grant (Cops Universal Hiring)  Public Safety Partnership and Community Policing Grant (Cops Interoperable Communications)  Pass-Through Lancaster County:  Violence Against Women Formula Grants  Violence Against Women Formula Grants  Formula Grants  Violence Against Women Formula Grants  Violence Against Women Formula Grants  Formul						
Public Safety Partnership and Community Policing Grant (Cops Interoperable Communications)  Pass-Through Lancaster County:  Violence Against Women Formula Grants Violence Against Women Formula Grants 16.588 02-VW-719 (03) 27,951 Violence Against Women Formula Grants 16.588 02-VW-719 (05) 6,517 34,468  Grants to Encourage Arrest Policies and Enforcement of Protection Orders (VAWA Interpreters)  Pass-Through Nebraska State Patrol: Missing Children's Assistance (Internet Crimes Against Children)  Public Safety Partnership and Community Policing Grant (Methamphetamine Initiative)  16.710 03-ME-03 20,000						
Pass-Through Lancaster County:  Violence Against Women Formula Grants  Violence Against Women Formula Grants  16.588 02-VW-719 (03) 27,951  Violence Against Women Formula Grants  16.588 02-VW-719 (05) 6.517 34,468  Grants to Encourage Arrest Policies and Enforcement of Protection Orders (VAWA Interpreters)  16.590 2004-WE-AZ-0049  33,690  Pass-Through Nebraska State Patrol:  Missing Children's Assistance (Internet Crimes Against Children)  16.543 04-IC-03  12,429  Public Safety Partnership and Community Policing Grant (Methamphetamine Initiative)  16.710 03-ME-03  20,000						407,733
Violence Against Women Formula Grants16.588 16.58802-VW-719 (03) 02-VW-719 (05)27,951 6,517Violence Against Women Formula Grants16.58802-VW-719 (05)6,51734,468Grants to Encourage Arrest Policies and Enforcement of Protection Orders (VAWA Interpreters)16.5902004-WE-AZ-004933,690Pass-Through Nebraska State Patrol: 						
Violence Against Women Formula Grants  16.588 02-VW-719 (05) 6,517 34,468  Grants to Encourage Arrest Policies and Enforcement of Protection Orders (VAWA Interpreters)  16.590 2004-WE-AZ-0049 33,690  Pass-Through Nebraska State Patrol: Missing Children's Assistance (Internet Crimes Against Children)  16.543 04-IC-03 12,429  Public Safety Partnership and Community Policing Grant (Methamphetamine Initiative)  16.710 03-ME-03 20,000		16 500	02 VIV 710 (02)		27.051	
Grants to Encourage Arrest Policies and Enforcement of Protection Orders (VAWA Interpreters)  Pass-Through Nebraska State Patrol: Missing Children's Assistance (Internet Crimes Against Children)  Public Safety Partnership and Community Policing Grant (Methamphetamine Initiative)  16.590  2004-WE-AZ-0049  33,690  12,429  16.543  04-IC-03  12,429	e					34.468
Pass-Through Nebraska State Patrol: Missing Children's Assistance (Internet Crimes Against Children)  16.543 04-IC-03 12,429  Public Safety Partnership and Community Policing Grant (Methamphetamine Initiative)  16.710 03-ME-03 20,000	Violence Against Women Formula Grants	10.566	02- <b>v w</b> -719 (03)		0,517	34,400
Missing Children's Assistance (Internet Crimes Against Children)  16.543  04-IC-03  12,429  Public Safety Partnership and Community Policing Grant (Methamphetamine Initiative)  16.710  03-ME-03  20,000	Grants to Encourage Arrest Policies and Enforcement of Protection Orders (VAWA Interpreters)	16.590	2004-WE-AZ-0049			33,690
Missing Children's Assistance (Internet Crimes Against Children)  16.543  04-IC-03  12,429  Public Safety Partnership and Community Policing Grant (Methamphetamine Initiative)  16.710  03-ME-03  20,000	Pass-Through Nebraska State Patrol:					
		16.543	04-IC-03			12,429
	Dublic Sefety Portropolis and Community Delicine Court (Methods 1997)	16 710	02 ME 02		20.000	
20,210						23.243
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See Accompanying Notes to Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal E	xpenditures
Pass-Through State Comm. On Law Enforcement And Criminal Justice:				
Crime Victim Assistance Crime Victim Assistance	16.575 16.575	04/VA-215/04-VS-900 03-VS-900/03-VA-239	\$ 127,867 9,599	137,466
Byrne Formula Grant Program (Street Drug Dealer Apprehension Program) Byrne Formula Grant Program (Street Drug Dealer Apprehension Program)	16.579 16.579	03-DA-305 04-DA-306	53,697 228,728	282,425
Community Prosecution and Project Safe Neighborhoods Community Prosecution and Project Safe Neighborhoods	16.609 16.609	04SN-8902 04SN-8915	32,057 25,937	57,994
Total U.S. Department Of Justice				\$ 999,217
U.S. DEPARTMENT OF LABOR				
Pass-Through State Department Of Health And Human Services:				
Senior Community Service Employment Program	17.235	NGA 2005-012	\$ 39,453	
Senior Community Service Employment Program	17.235	NGA 2006-045	3,357	42,810
Pass-Through State Department Of Labor: WIA Cluster:				
Workforce Investment Act (Adult)	17.258	2004	88,850	
Workforce Investment Act Incentive/Capacity	17.258	2004	85,255	
Workforce Investment Act (Youth)	17.259	2004	153,107	
Workforce Investment Act (Dislocated Worker)	17.260	2004	402,443	
Workforce Investment Act (Adult)	17.258	2005	6,586	
Workforce Investment Act Incentive/Capacity Workforce Investment Act (Youth)	17.258 17.259	2005 2005	1,025 16,163	
Workforce Investment Act (Toldh) Workforce Investment Act (Dislocated Worker)	17.260	2005	29,817	783,246
Total U.S. Department Of Labor				\$ 826,056
U.S. DEPARTMENT OF TRANSPORTATION				
Direct Programs:				
Federal Transit Cluster:				
Federal Transit: Formula Grants (Transit Planning)	20.507	NE-90-0062	\$ 22,065	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	NE-90-X052	22,481	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	NE-90-X056	12,889	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	NE-90-X058	25,886	
Federal Transit: Formula Grants (Sec. 9 Operating) Federal Transit: Formula Grants (Transit Planning)	20.507 20.507	NE-90-X058 NE-90-X058	1,400,000 20,268	
Federal Transit: Formula Grants (Transit Training) Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	NE-90-X060	19,140	
Federal Transit: Formula Grants (Transit Planning)	20.507	NE-90-X060	14,496	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	NE-90-X062	74,543	
Federal Transit: Formula Grants (Transit Planning)	20.507	RPT-C990(024)	53,117	1,664,885
Pass-Through State Department Of Roads:				
Highway Planning And Construction Cluster: Highway Planning and Construction (West Adams Bridge Repair)	20.205	* BR-5248(4)	2,518	
Highway Planning and Construction (West Adams Bridge Repair)		* BR-5266(1)	528,271	
Highway Planning and Construction (Salt Creek Bridge Replacement)		* BR-STPC-5220(2)	48,810	
Highway Planning and Construction (Planning)	20.205	* HPR-PL1(42)	352,710	
Highway Planning and Construction (Planning)		* HPR-PL1(43)	47,995	
Highway Planning and Construction (Regional Architecture)		* ITS03-ITSN(106)	150,000	
Highway Planning and Construction (City/State Overlay)		* RD-6-6(1040) * ETDA A 5240(5)	279,757	
Highway Planning and Construction (84th Street - Kathy Lane to Old Cheney) Highway Planning and Construction (40th and Sheridan Roundabout)		* STPAA-5249(5) * STPP-5214(3)	2,175,583 86,922	
Highway Planning and Construction (40th and Sheridan Roundabout)		* STPP-5221(2)	1,437	
Highway Planning and Construction (9th-10th Street and Van Dorn)		* STPP-5236(1)	933	
Highway Planning and Construction (JAVA)	20.205		12,536,990	16,211,926
Formula Grants for Other Than Urbanized Areas (Lancaster County Rural Transit) Formula Grants for Other Than Urbanized Areas (Lancaster County Rural Transit)	20.509 20.509	RPT-C551(205) RPT-C551(206)	24,630 3,773	28,403
Pass-Through State Department Of Highway And Safety:				
State and Community Highway Safety (CODES)	20.600	411-04-03	12,770	
State and Community Highway Safety (CODES)	20.600	411-05-03	34,935	47,705
Total U.S. Department Of Transportation				\$ 17,952,919
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION				
Direct Programs:	20.002	0/5010/0157		\$ 47.500
Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	30.002	0/5010/0157		\$ 47,500

(Continued)

See Accompanying Notes to Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	F	ederal Exp	enditures
INSTITUTE OF MUSEUM AND LIBRARY SERVICES					
Pass-Through State Library Commission:					
State Library Program (Library Services and Technology Act)	45.310	04.11	\$	10,483	
State Library Program (Library Services and Technology Act)	45.310	05.14	Ψ .	6,020	
State Library Program (Net Lender Contract)	45.310	05.11		6,519 \$	23,022
U.S. ENVIRONMENTAL PROTECTION AGENCY					
Direct Program:					
Air Pollution Control Program Support (Communities in Motion Program)	66.001	A-98742601-0	\$		15,394
Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034 66.034	2005 2004		10,359 561	10,920
Surveys, Studies, Investigations and Special Purpose Grants (Salt Creek Relief Sewer)	66.606	XP98723601			650,300
Pass-Through State Department Of Environmental Quality:					
Air Pollution Control Program Support	66.001	M-007056(04)		17,339	
Air Pollution Control Program Support	66.001	M-007056(05)	12	25,974	143,313
Nonpoint Source Implementation Grants (Safe Water Tomorrow-South)	66.460	C9007403-00-0	4	12,907	
Nonpoint Source Implementation Grants (Test Your Well Statewide Project)	66.460	56-358		12,031	
Nonpoint Source Implementation Grants (Holmes Lake Excavation)	66.460		78	30,474	835,412
Surveys, Studies, Investigations and Special Purpose Grants (103 PM Monitoring)	66.606	PM997527-01(04)		3,154	
Surveys, Studies, Investigations and Special Purpose Grants (103 PM Monitoring)	66.606	PM997527-01(05)		17,106	20,260
Total U.S. Environmental Protection Agency				\$_	1,675,599
U.S. DEPARTMENT OF EDUCATION					
Pass-Through State Library Commission:	0.4.00.4	0.410.#			201
Urban Library System Resource Sharing	84.034	94/95		\$_	384
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Direct Programs:					
Refugee and Entrant Assistance - Discretionary Grant (Elderly Refugee Services)	93.576	90ZF 0033/01	\$	5,456	
Refugee and Entrant Assistance - Discretionary Grant (Elderly Refugee Services)	93.576	90ZF 0033/02		36,470	41,926
Pass-Through State Department Of Health And Human Services:					
Special Programs for the Aging Title VII, Chapter 2: Long Term Care Ombudsman Services for Older Individuals	93.042	NGA 2005-066			5,000
Carried Day and the Asia Title III Day D. Divers December and Health Day of a Carrier	02.042	NC 4 2005 000	,	00 150	
Special Programs for the Aging Title III, Part D: Disease Prevention and Health Promotion Services	93.043 93.043	NGA 2005-098	•	20,158	20.055
Special Programs for the Aging Title III, Part D: Disease Prevention and Health Promotion Services	93.043	NGA 2006-042		797_	20,955
Aging Cluster:					
Special Programs for the Aging Title III, Part B: Grants for Supportive Services and Senior Centers	93.044	NGA 2005-095		55,538	
Special Programs for the Aging Title III, Part B: Grants for Supportive Services and Senior Centers	93.044	NGA 2006-039		14,845	
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	NGA 2005-096		07,178	
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	NGA 2005-097	1.	16,725	
Special Programs for the Aging Title III, Part C: Nutrition Services  Special Programs for the Aging Title III, Part C: Nutrition Services	93.045 93.045	NGA 2006-040 NGA 2006-041		8,651 3,774	916,711
Special Programs for the Aging Title III, Part E: National Family Caregiver Support	93.052	NGA 2005-099		06,958	
Special Programs for the Aging Title III, Part E: National Family Caregiver Support	93.052	NGA 2006-043		12,530	219,488
Maternal and Child Health Federal Consolidated Programs (Childcare Training)	93.110	2005			2,500
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	2004		13,288	
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	2005		7,740	21,028
Acquired Immunodeficiency Syndrome (Aids) Activity (STD)	93.118	2004		7,862	
Acquired Immunodeficiency Syndrome (Aids) Activity (STD)	93.118	2005		13,146	21,008
Immunization Grants (Hepatitis B)	93.268	2004		6,904	
Immunization Grants (Hepatitis B)	93.268	2005		8,905	
Immunization Grants (NE Immunization Action Plan)	93.268	2004	3	32,632	
Immunization Grants (NE Immunization Action Plan)	93.268	2005		32,218	80,659

(Continued)

See Accompanying Notes to Schedule of Expenditures of Federal Awards

(Expenditures of Federal Awards, Continued)	F 1 1			
	Federal CFDA			
Federal Grantor/Pass-Through Grantor/Program Title	Number	Grant Number	Federal I	Expenditures
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Tobacco Prevention & Control)	93.283	2005		
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Tobacco Prevention & Control)	93.283	2006	4,050	
Centers for Disease Control and Prevention: Investigations and Tech Assistance (West Nile Virus Program)	93.283	20480097 2004	25,152	
Centers for Disease Control and Prevention: Investigations and Tech Assistance (West Nile Virus Program)	93.283	20480097 2005	1,822	
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Bioterrorism Video Conferencing)	93.283	U90/CCU716975	16	
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Tools for Schools)	93.283	3100002	4,749	
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Nebraska Bioterrorism Plan)	93.283	U90/CCU716975-03 2004	260	
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Nebraska Bioterrorism Plan)	93.283	U90/CCU716975-03 2005	568,714	
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Nebraska Bioterrorism Plan)	93.283	U90/CCU716975-03 2006	34,359	702,567
Refugee and Entrant Assistance Program (Health Screening)	93.566	3120090		4,951
Social Services Block Grant (SSBG)	93.667			12,995
Connective Agreements for State Board Comprehensive Present & Carried Connect Early Detection Programs	93.919	2004	4,500	
Cooperative Agreements for State-Based Comprehensive Breast & Cervical Cancer Early Detection Programs				
Cooperative Agreements for State-Based Comprehensive Breast & Cervical Cancer Early Detection Programs	93.919	2005	157,813	171 526
Cooperative Agreements for State-Based Comprehensive Breast & Cervical Cancer Early Detection Programs	93.919	2006	9,213	171,526
HIV Prevention Activities Health Dept Based (CDC/Women Lead the Way)	93.940	EO67911	2,084	
HIV Prevention Activities Health Dept Based (EDC) Women Lead the Way)	93.940	1813-04	38,959	
HIV Prevention Activities Health Dept Based (HIV Training & Quality Assurance CTR/PCRS)	93.940	U62/CCU702039	3,265	
HIV Prevention Activities Health Dept Based (Sista Sista / HIV Prevention)	93.940	4120209	12,311	56,619
HIV Flevelition Activities health Dept based (Sista Sista / HIV Flevelition)	93.940	4120209	12,311	
Epidemiologic Research Studies of AIDS and HIV Infection in Selected Population Groups (HIV Testing)	93.943	U62/CCU723301	34,372	
Epidemiologic Research Studies of AIDS and HIV Infection in Selected Population Groups (HIV Training)	93.943	U62/CCU723501	5,657	40,029
			,,	,-=-
Assistance Programs for Chronic Disease Prevention and Control (Healthy Lifestyles Support)	93.945	U57/CCU7191-66	19,979	
Assistance Programs for Chronic Disease Prevention and Control (WorkWell Stroke Education)	93.945	U50/CCU721341-01	3,000	
Assistance Programs for Chronic Disease Prevention and Control (CDC Census Track 20-Steps)	93.945	EO66865	1,000	
Assistance Programs for Chronic Disease Prevention and Control (CDC Walk to School)	93.945	EO65029	3,000	26,979
Abstract Tograms for emone Bisease Tevendon and control (CBC Walk to Genesi)	301315	2005023	2,000	
Preventive Health and Health Services Block Grant (Physical Activity and Nutrition)	93.991	3110003	4,497	
Preventive Health and Health Services Block Grant (Heart Disease and Stroke)	93.991	3110004	3,955	
Preventive Health and Health Services Block Grant (Target Cancer)	93.991	2004	5,000	
Preventive Health and Health Services Block Grant (Target Carley)	93.991	2004-PHHSBG-10-CMPT	3,514	
	93.991			
Preventive Health and Health Services Block Grant (Cardiovascular)		2005-PHHSBG-10-CMPT	19,617	50.246
Preventive Health and Health Services Block Grant (Epidemiology 2001)	93.991	2005-PHHSBG-11-CMPT	13,763	50,346
Maternal and Child Health Services Block Grant to the States (High Risk Newborns)	93.994	MCH-04-50A	3,953	
Maternal and Child Health Services Block Grant to the States (High Risk Newborns)	93.994	MCH-05-50A	34,611	38,564
Total U.S. Department Of Health And Human Services	32.331		5 1,011	\$ 2,433,851
Total C.S. Department of Treatur And Human Services				Ψ 2, τ33,031
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Direct Programs:	04.002	025DNNE 070 (02/04)	2.546	
Retired and Senior Volunteer Program	94.002	02SRNNE 070 (03/04) \$	,	60.522
Retired and Senior Volunteer Program	94.002	04SRNNE 004 (04/05)	64,987	68,533
Factor Considerated (Service Community Clusters				
Foster Grandparent / Senior Companion Cluster:	04.011	02SENINE 068 (04/05)	102,030	
Foster Grandparent Program	94.011	02SFNNE 068 (04/05)		
Foster Grandparent Program	94.011	05SFNNE 004 (05/06)	42,735	
Senior Companion Program	94.016	04SCNNE 002 (04/05)	128,372	206.202
Senior Companion Program	94.016	04SCNNE 002 (05/06)	13,155	286,292
Valuntages In Sarriga To America (Vauth Achievement)	94.013	2003 DVSA 61321 A21 4101	33,098	
Volunteers In Service To America (Youth Achievement)	94.013	2003-DVSA-61321-A21-4101	95,780	128,878
Volunteers In Service To America (Youth Achievement)	94.013	2004-DVSA-61321-A21-4101	93,760	120,070
Pass-Through Nebraska Volunteer Commission:				
AmeriCorps (Urban Revitalization Project)	94.006	A SENIE0291201(02)	6,125	
AmeriCorps (Orban Revitalization Project)  AmeriCorps (Urban Revitalization Project)	94.006	ASFNE0281201(03) 03AFHNE0010002	36,250	42,375
Americorps (Orban Revitalization Froject)	94.000	03Al 111\text{NE0010002}	30,230	42,373
Total Corporation For National And Community Service				\$526,078
DEPARTMENT OF HOMELAND SECURITY				
Direct Programs:				
National Urban Search and Rescue (US&R) Response System	97.025	* EMW-2003-CA-0262	235,761	
National Urban Search and Rescue (US&R) Response System		* EMW-2004-CA-0325	700,040	
National Urban Search and Rescue (US&R) Response System		* EMW-2005-CA-0257	52,736	988,537
The state of the s	- 1.023		J2,130	
Assistance to Firefighters Grant	97.044	EMW 2003 EG 06203	117 733	
Assistance to Firefighters Grant		EMW-2003-FG-06293	447,733	550.040
Assistance to Firefighters Grant	97.044	EMW-2003-FP-00453	111,307	559,040
Matropolitan Madical Dasponea System	07.071	EMW 2004 CD 0007		01 212
Metropolitan Medical Response System	97.071	EMW-2004-GR-0807		81,313
Total Department Of Homeland Security				\$ 1,628,890
Total Department Of Homeland Security				Ψ 1,020,090
Total Federal Expenditures				\$ 32,094,287
r				



# CITY OF LINCOLN, NEBRASKA NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AUGUST 31, 2005

#### (1) BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards (the Schedule) is presented on the modified cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Federal awards provided to subrecipients are treated as expenditures when paid to the subrecipient.

#### (2) <u>REPORTING ENTITY</u>

The City of Lincoln, Nebraska, for purposes of the Schedule, includes all funds of the City as defined in Note 1 of the Notes to the Financial Statements, including Lincoln Electric System, Lincoln Water System, and Lincoln Wastewater System.

Lincoln Electric System (LES) operates on a calendar year basis for reporting purposes as opposed to the August 31 fiscal year basis of the City. As a result, the amounts included in the City's August 31, 2005, basic financial statements for LES are audited figures as of and for the year ended December 31, 2004.

#### (3) PASS-THROUGH AWARDS

The City of Lincoln receives certain federal awards in the form of pass-through awards from the State of Nebraska. Such amounts received as pass-through awards are specifically identified on the Schedule.

#### (4) MAJOR PROGRAMS

In accordance with OMB Circular A-133, major programs are determined using a risk-based approach. Programs in the accompanying Schedule denoted with an asterisk (\*) are determined by the independent auditor to be major programs.

#### (5) **SUBRECIPIENTS**

Of the federal expenditures presented in this schedule, the City provided federal awards to subrecipients as follows:

CFDA#	<u>Program</u>	<u> </u>	<u>Amount</u>
Pass-Through to Count	y Aging Programs:		
10.570	Nutrition Program for the Elderly	\$	60,756
93.044	Title III, Part B: Grants for Supportive Services and Senior Centers		34,270
93.045	Title III, Part C: Nutrition Services		123,745
93.052	Title III, Part E: National Family Caregiver Support		18,786
Pass-Through to Joint	Antelope Valley Authority:		
20.205	Highway Planning and Construction (JAVA)	\$ 1	2,536,990

#### (6) FEDERAL LOANS OUTSTANDING

The City administers the following loan programs for which the federal government imposes continuing compliance requirements on the following outstanding balances:

CFDA#	<u>Program</u>	tanding Balance August 31, 2005
14.218 14.239	Community Development Block Grant HOME Investment Partnership Program	\$ 12,800,066 11,532,813

New loans included in the Schedule totaled \$934,129 and \$987,535, respectively.



# Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards

The Honorable Mayor and Members of the City Council City of Lincoln, Nebraska

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Lincoln, Nebraska (the "City") as of and for the year ended August 31, 2005, which collectively comprise its basic financial statements and have issued our report thereon dated December 30, 2005, which contained a reference to the report of other accountants. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the City's management in a separate letter dated December 30, 2005.

An independent member of Moores Rowland International mri

This report is intended solely for the information and use of the governing body, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BKN, LLP

December 30, 2005



### Independent Accountants' Report on Compliance and Internal Control Over Compliance with Requirements Applicable to Major Federal Awards Programs

The Honorable Mayor and Members of the City Council City of Lincoln, Nebraska

#### Compliance

We have audited the compliance of the City of Lincoln, Nebraska (the "City") with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2005. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the compliance of the City of Lincoln, Nebraska based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Lincoln, Nebraska complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2005.

#### Internal Control Over Compliance

The management of the City of Lincoln, Nebraska is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the governing body, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BKO, LA

December 30, 2005

### City of Lincoln, Nebraska

### Schedule of Findings and Questioned Costs Year Ended August 31, 2005

#### Summary of Auditor's Results

1.	The opinions expressed in the independent accountants' report we	ere:	
	☐ Unqualified ☐ Qualified ☐ Adverse ☐	Disclaimed	
2.	The independent accountants' report on internal control over fina	ncial reporting	g described:
	Reportable conditions noted considered a material weakness?	☐ Yes	⊠ No
	Reportable conditions noted that are not considered to be a material weakness?	Yes	⊠ No
3.	Noncompliance considered material to the financial statements was disclosed by the audit?	☐ Yes	⊠ No
4.	The independent accountants' report on internal control over comapplicable to major federal awards programs described:	pliance with r	equirements
	Reportable conditions noted considered a material weakness?	Yes	⊠ No
	Reportable conditions noted that are not considered to be a material weakness?	☐ Yes	⊠ No
5.	The opinion expressed in the independent accountants' report on applicable to major federal awards was:	compliance w	ith requirements
	☐ Unqualified ☐ Qualified ☐ Adverse ☐ I	Disclaimed	
6.	The audit disclosed findings required to be reported by OMB Circular A-133?	Yes	⊠ No
7.	The Organization's major programs were:		
	Cluster/Program		CFDA Number
	National Urban Search and Rescue Response System Highway Planning and Construction		97.025 20.205
8.	The threshold used to distinguish between Type A and Type B pro OMB Circular A-133 was \$962,829.	ograms as thos	se terms are defined in
9.	The Organization qualified as a low-risk auditee as that term is defined in OMB Circular A-133?	⊠ Yes	□ No

### City of Lincoln, Nebraska

# Schedule of Findings and Questioned Costs (Continued) Year Ended August 31, 2005

### Findings Required to be Reported by Government Auditing Standards

Reference		Questioned
Number	Finding	Costs
No findings required to be repo	orted by Government Auditing Standards	
Findings Required to b	e Reported by OMB Circular A-133	
Reference		Questioned
Number	Finding	Costs

No findings required to be reported by OMB Circular A-133

### City of Lincoln, Nebraska

### Summary Schedule of Prior Audit Findings Year Ended August 31, 2005

Reference		
Number	Summary of Finding	Status

No findings are required to be reported.